

RESOLUTION NO. 2005-138

RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF ROCKLIN ACCEPTING THE AUDITED FINANCIAL  
STATEMENTS FOR THE FISCAL YEAR 2003-2004

The City Council of the City of Rocklin does resolve as follows:

Section 1. The City Council of the City of Rocklin hereby accepts the audited financial statements for the fiscal year 2003-2004 attached hereto as Exhibit A and by this reference incorporated herein.

PASSED AND ADOPTED this 10<sup>th</sup> day of May, 2005, by the following roll call vote:

AYES: Councilmembers: Lund, Yorde, Storey, Magnuson, Hill

NOES: Councilmembers: None

ABSENT: Councilmembers: None


ABSTAIN: Councilmembers: None



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Peter Hill, Mayor

ATTEST:



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City Clerk

# **THE CITY OF ROCKLIN, CALIFORNIA**

## **Audited Financial Statements And Supplemental Information**

**June 30, 2004**

CITY OF ROCKLIN, CALIFORNIA

Audited Financial Statements and  
Supplemental Information

June 30, 2004

Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government- wide Statement of Activities .....	21
Statement of Revenues and Expenditures – Budget and Actual – General Fund.....	22
Statement of Fund Net Assets – Proprietary Fund – Internal Service Fund .....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund – Internal Service Fund .....	24
Statement of Cash Flows – Proprietary Fund – Internal Service Fund .....	25
Statement of Fiduciary Net Assets – Fiduciary Funds.....	26
Notes to the Basic Financial Statements.....	27
 <u>Required Supplementary Information</u>	
Schedule of Funding Progress of Pension Plan (unaudited).....	52
 <u>Combining Individual Fund Financial Statements and Schedules</u>	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	54
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	60

CITY OF ROCKLIN, CALIFORNIA

Audited Financial Statements and  
Supplemental Information

June 30, 2004

Nonmajor Debt Service Funds:	
Combining Balance Sheet.....	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	66
Nonmajor Capital Project Funds:	
Combining Balance Sheet.....	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	69
Agency Funds:	
Combining Statement of Fiduciary Net Assets.....	71

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council, and City Manager  
City of Rocklin, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rocklin, California, as of and for the year then ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Rocklin, California's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rocklin, California, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 13 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor, Members of the City Council, and City Manager  
City of Rocklin, California

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Rocklin, California's basic financial statements. The combining and individual nonmajor and agency fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of City of Rocklin, California. The combining and individual nonmajor and agency fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Richardson & Company*

November 8, 2004

**CITY OF ROCKLIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2004**

This section of the City of Rocklin's (the City) annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2004. It should be read in conjunction with the City's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded liabilities at the close of fiscal year 2003-04 by \$315,859,030 (*net assets*). Of the net assets amount, \$29,427,071 in *unrestricted net assets* is available to meet ongoing obligations to citizens and creditors, \$64,972,457 in *restricted net assets* must be used only for specific purposes and \$221,459,502 is *invested in capital assets, net of related debt*.
- The City's total net assets increased by \$1,627,129.
- At the end of the fiscal year, unreserved fund balance for the General Fund, the City's largest fund, was \$25,357,211 or 101.8 percent of total General Fund expenditures.
- The City's total long-term debt increased by \$4,335,344 in comparison with the prior year. New certificates of participation and bonds increased by \$20,680,000, while \$16,230,000 were retired during the year. The remaining decrease relates to changes in estimates for compensated absences, capital leases, and self-insurance.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**The Financial Statements**

The financial statements presented herein include all of the activities of the City of Rocklin and its component units using the integrated approach as prescribed by GASB Statement No. 34. The Government-wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities, if any, separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities, if any, are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. A reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the City of Rocklin and its component units are described as follows:

**The Primary Government**

The City of Rocklin was incorporated in 1893 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and Fire), Streets, Parks, Public Improvements, Planning and Zoning, and General Administrative Services.

The accompanying annual financial report includes the financial activities of the City of Rocklin, the primary government, and its component units, which are the Redevelopment Agency of the City of Rocklin, and the Rocklin Public Financing Authority. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the Redevelopment Agency and the Public Financing Authority, and, as such, these entities are presented on a blended basis.

**The Redevelopment Agency of the City of Rocklin** (the Agency) was established August 5, 1964 pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law", and on November 11, 1975, the City Council became the governing board. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Rocklin. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements.

**The Rocklin Public Financing Authority** (the Authority) is a joint powers authority organized under Section 6500 et seq. of the California Government Code on June 21, 1989, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The Authority's Board of Directors is the Rocklin City Council. The funds of the Authority have been included in the governmental activities in the financial statements.

## **FINANCIAL HIGHLIGHTS OF THE PAST YEAR**

### **REPORTING THE CITY AS A WHOLE**

#### **The Statement of Net Assets and the Statement of Activities and Changes in Net Assets**

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, the City's activities are as follows:

**Governmental activities**—Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Public Works, Community Development, Parks, Recreation and Community Services. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 27-51 of this report.



## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies.

**Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund Financial Statements to those in the Government-wide Financial Statements are explained in a reconciliation following each governmental fund financial statement.

**Proprietary funds** —When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. We use the internal service fund (a component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities—such as the City's Fleet Operations, which includes equipment replacement funds.

The Internal Service Fund is reported with governmental activities in the Government-wide Financial Statements.

### THE CITY AS TRUSTEE

#### Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for funds held on behalf of several agency funds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CITY AS A WHOLE

The City's combined Net Assets for the fiscal year ended June 30, 2004 and 2003 were:

Table 1  
Governmental Net Assets  
June 30,

	<u>2004</u>	<u>2003(Restated)</u>
Current and other assets	\$ 105,228,914	\$ 105,393,366
Capital assets	<u>260,850,198</u>	<u>254,440,392</u>
Total Assets	<u>366,079,112</u>	<u>359,833,758</u>
Current and other liabilities	9,875,582	9,266,021
Long-term liabilities	<u>40,344,500</u>	<u>36,335,836</u>
Total Liabilities	<u>50,220,082</u>	<u>45,601,857</u>
Net Assets:		
Invested in capital assets, net of related debt	221,459,502	223,118,275
Restricted net assets	64,972,457	70,908,732
Unrestricted net assets	29,427,071	23,491,515
Prior period adjustment for corrections and reclassifications	--	( 3,286,621)
Total Net Assets	<u>\$ 315,859,030</u>	<u>\$ 314,231,901</u>

The City's governmental net assets amounted to \$315,859,030 as of June 30, 2004, an increase of \$1,627,129 from 2003.

The \$6,409,806 net increase in capital assets was primarily due to a net addition \$13,515,875 of construction in progress and \$1,157,305 of land, infrastructure and equipment and a net increase in accumulated depreciation of \$8,263,374. Long-term debt increased by a net amount of \$4,008,664. This was primarily attributable to the issuance of three separate bonds during the 2003-2004 fiscal year with total initial balances of \$20,680,000, and the retirement of 1995 and 1999 bonds with balances of \$1,935,000 and \$14,100,000, respectively.

Restricted net assets decreased by \$5,936,275 primarily due to capital construction and street project expenditures, and due to the refunding of the Public Financing Authority bonds, the reserve was reduced by \$579,000. Unrestricted net assets increased by \$5,935,556 primarily due to general fund revenues and transfers in exceeding expenditures by \$3,637,392, as well as the effects of the reductions in capital assets and restricted net assets.

The following table indicates the changes in governmental net assets:

Table 2  
Governmental Statement of Activities  
For the Year Ended June 30,

	<u>2004</u>	<u>2003(Restated)</u>
<i>Revenues:</i>		
Program revenues:		
Fees, fines and charges for services	\$ 9,738,740	\$ 7,977,372
Operating grants and contributions	416,730	145,411
Capital grants and contributions	542,282	833,974
<i>General revenues:</i>		
Property taxes	8,374,684	7,354,622
Sales and use taxes	6,484,553	5,437,333
Gas taxes	3,038,425	2,991,286
Franchise fees	1,261,835	1,127,868
Other taxes	1,822,047	1,509,071
Motor vehicle fees	2,003,039	2,363,804
Impact fees	4,432,850	4,767,467
Unrestricted interest and investment earnings	1,586,360	4,961,299
Miscellaneous	<u>823,886</u>	<u>4,116,798</u>
<b>Total Revenues</b>	<b><u>40,525,431</u></b>	<b><u>43,586,305</u></b>
<i>Expenses:</i>		
General government	6,434,335	5,595,717
Public safety	9,932,295	9,741,536
Public works	2,719,542	2,855,833
Culture and recreation	7,022,540	6,626,884
Community development	3,447,284	3,835,202
Depreciation	8,347,644	7,325,183
Interest on long-term debt	<u>994,662</u>	<u>1,955,509</u>
<b>Total Expenses</b>	<b><u>38,898,302</u></b>	<b><u>37,935,864</u></b>
Change in Net Assets	1,627,129	5,650,441
Prior period adjustment for corrections and reclassifications	--	(3,286,621)
Net Assets - Beginning of Year	<u>314,231,901</u>	<u>311,868,081</u>
<b>Net Assets - End of Year</b>	<b><u>\$ 315,859,030</u></b>	<b><u>\$ 314,231,901</u></b>

As Table 2 above shows, \$10,697,752, or 26% of the City's revenue came from the program revenues and \$29,827,679, or 74% came from general revenues such as taxes, fees, and interest.

Program revenue were composed of fees, fines and charges for service of \$9,738,740 that include permit revenues, fees and charges used to fund expenses incurred in providing services; \$959,012 of operating and capital grants and contributions, which include housing and police grants.

General revenues are not allocable to programs, but are used to pay for the net costs of governmental programs.

Total revenues had a net decrease of \$3,060,874. This was primarily attributable to a \$3,292,912 net decrease in miscellaneous revenue, which was attributable to a one-time receipt, of \$3,073,232, in the prior year, of a reimbursement for the Blue Oaks Interchange. Total expenses experienced a net increase of \$962,438. The increase consisted mainly of an increase in depreciation expense.

Unrestricted interest and investment earnings were down due to GASB 31 adjustment changes in the amount of \$2.3 million, with the remainder of the decrease being attributable to lower interest earnings due to capital project expenditures. The increase in net assets was due to total general revenues having been higher than total general expenditures.

The City's net assets as of June 30, 2004 comprised the following:

	<u>2004</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 221,459,502
Restricted net assets	
Debt service	17,720,780
Capital projects	36,187,131
Street projects	3,395,196
Housing projects	2,947,261
Low and moderate income housing	2,096,518
Community projects	1,185,719
Park projects	1,230,731
Other projects	209,121
Unrestricted net assets	<u>29,427,071</u>
<b>Total Net Assets</b>	<b><u>\$ 315,859,030</u></b>

## GOVERNMENTAL ACTIVITIES

The cost of all governmental activities this year was \$38,898,302. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was \$28,200,550 because some of the cost was paid by those who directly benefited from the programs through the City's program revenues, which amounted to \$10,697,752. The City's programs include: General Government, Fire, Police, Public Works, Community Development, Parks, Recreation and Community Services. Each program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

### Governmental Activities Net (Expense) Revenue

General Government	(\$ 6,138,254)
Public Safety	( 8,851,521)
Public Works	( 9,154,809)
Culture & Recreation	( 4,623,310)
Community Development	1,562,006
Interest on Long-term Debt	( 994,662)
<b>Total Governmental Activities</b>	<b><u>(\$28,200,550)</u></b>

Total resources available during the year to finance governmental operations were \$354,757,332, consisting of Net Assets at July 1, 2003 of \$314,231,901 (as restated), program revenues of \$10,697,752 and general revenues of \$29,827,679. Total Governmental Activities expenditures during the year were \$38,898,302, thus Net Assets were increased by \$1,627,129 to \$315,859,030.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The financial information presented thus far has focused on government-wide statements prepared using the accrual method of accounting. As previously discussed, the focus of fund accounting is on how money flows into and out of funds, and the balances remaining at year-end that are available for spending. This serves as an important measure of working capital for service provision to Rocklin residents. In particular, unreserved fund balance is useful in measuring resources available for spending at fiscal year-end. Since the focus in fund accounting is on current resource activity, the balance sheet does not reflect long-term assets and long-term debt.

## **Governmental Funds**

The governmental funds of the City reflected a combined total amount of assets and liabilities of \$100,284,424, and \$8,097,266, respectively. This resulted in a total combined fund balance of \$92,187,158. The unreserved portion of the combined fund balance amount was \$68,229,050. This represents a decrease of \$2,719,433 from the prior reporting period. This net decrease in unreserved fund balance is primarily attributable to the current year excess of expenditures over revenues, combined with the effects of other financing sources and uses, for a net negative change in fund balance of \$2,039,475.

The primary operating fund of the City is the General Fund. For the fiscal year-ended June 30, 2004, the unreserved fund balance of the General Fund was \$25,357,211 and the total fund balance was \$25,980,880. As a measure of the General Fund's liquidity, it is useful to compare both the unreserved fund balance and the total fund balance to total Governmental Funds expenditures. The major Governmental Funds are General Fund, Public Financing Authority Debt Service Fund, Traffic Circulation Impact Fees Fund, Capital Construction Impact Fees Fund, and Redevelopment Agency Capital Projects Fund, as seen on pages 19 and 20. Unreserved fund balance and total fund balance represent 54% and 55%, respectively, of total Governmental Funds expenditures. This represents slightly over six months of expenditures.

The largest components of the governmental funds category for the 2003/2004 fiscal year, with respect to total assets, are the Public Financing Authority Debt Service Fund and the Traffic Circulation Impact Fees Fund. Assets total \$14,694,007 and \$14,611,749, respectively, or 15% (for each fund) of the total governmental fund assets. Each is primarily composed of cash and investments. The fund balance for the Public Financing Authority Debt Service Fund is reserved for the repayment of principal and interest on debt. The majority of the fund balance for the Traffic Circulation Impact Fees Fund is unreserved, and is reported in capital projects funds.

The Redevelopment Agency Capital Projects Fund has total assets of \$10,270,492 and represents 10% of the total governmental fund assets. This fund's assets consist primarily of cash and investments. Of the cash and investments, 50% are restricted due to bond covenants. Of the total fund balances, \$173,600 are reserved, with the remaining \$9,845,685 being unreserved.

The Capital Construction Impact Fees Fund accounts for 5%, or \$4,861,507, of the total governmental fund assets. This fund has \$3,716,059 in unreserved fund balance, reported in capital projects funds.

## **Proprietary Fund**

The proprietary fund of the City is the Fleet Internal Service Fund. This fund reflected a total of assets and liabilities of \$7,731,034, and \$110,621, respectively. The unrestricted net assets increased by \$174,435.

## CAPITAL ASSETS, AND DEBT ADMINISTRATION

### Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Table 3  
Capital Assets at End of Year

	Governmental Activities	
	<u>2004</u>	<u>2003 restated</u>
Land	\$ 27,601,274	\$ 27,465,758
Land improvements	67,461	11,563
Construction in progress	20,140,469	7,558,138
Infrastructure	255,342,826	254,645,326
Building and improvements	16,326,051	15,448,405
Equipment	9,125,729	8,801,440
Accumulated depreciation	<u>(67,753,612)</u>	<u>(59,490,238)</u>
Total	<u>\$ 260,850,198</u>	<u>\$ 254,440,392</u>

The City's investment in capital assets for its governmental type activities as of June 30, 2004 totaled \$260,850,198, (net of accumulated depreciation). The investment in capital assets includes land, building and improvements, equipment and construction in progress. The total increase in the City's investment in capital assets for the current year was \$14,673,180, which was mainly construction in progress costs. See Note E on page 42 of this report for additional information.

Major capital asset acquisitions during the current fiscal year include:

1. Margaret Azevedo Park,
2. Fire Station #3,
3. Sierra College Interchange,
4. Police Station, and
5. Multi-Modal Train Station.

A summary of the City's capital assets is presented in Note E, see page 42 of this report for additional information.

## Debt Administration

The following schedule shows the changes in long-term debt for the year:

Table 4  
Long-term Debt at June 30, 2004

	<u>Balance</u> <u>July 1, 2003</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2004</u>
Governmental Activities				
Certificates of Participation and Bonds	\$ 32,410,000	\$ 20,680,000	\$ (16,230,000)	\$ 36,860,000
Promissory Note	850,000	--	(100,000)	750,000
Pass-through Obligation	183,792	--	(43,281)	140,511
Capital Leases	147,588		(55,885)	91,703
Compensated Absences	1,874,852	84,510		1,959,362
Claims Payable	<u>2,754,425</u>	<u>--</u>	<u>--</u>	<u>2,754,425</u>
Total Governmental Activity	<u>\$ 38,220,657</u>	<u>\$ 20,764,510</u>	<u>\$ (16,429,166)</u>	<u>\$ 42,556,001</u>

Debt, considered a liability of governmental activities, increased in fiscal year 2003-04 by \$4,024,336. Additional information on the City's long-term debt can be found in Note F on pages 43-46 of this report.

## BUDGETARY HIGHLIGHTS

The City adopts an annual budget that includes proposed expenditures and expected earnings. Public hearings are conducted to obtain comments from the public before finalizing the budget. The budget is adopted by the City Council on or before June 30<sup>th</sup> of each year. Subsequent increases or decreases to the original budget must be approved by the City Council. There were amended increases to budgeted expenditures in the amount of \$461,700 in the General Fund. This was primarily due to an increase to budgeted expenditures for capital outlay in the amount of \$221,700.

The net favorable variance between actual and final budgeted General Fund revenue amounts of \$2,948,910 was mainly attributable to an increase of \$1,607,453 of tax and assessment revenues, and a \$1,207,149 increase in license and permit revenues.

The net favorable variance in expenditures in the amount of \$1,944,614 was due primarily to an unanticipated decrease in public safety expenditures of \$1,055,828 and a combined decrease in expenditures related to culture and recreation, community development, and capital outlay of \$761,331.

## SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2003-2004 ARE NOTED BELOW:

- Completed work on widening Rocklin Road from Havenhurst to Aguilar in front of the Sierra College Campus,
- Purchase, installation and implementation of Comcate public-city communications system,
- Construction on the new Rocklin Police Station project is 54% complete,
- Purchase of 2 parcels of land from Union Pacific Railroad for the Multi-Modal Rail Station Project,
- Several city street asphalt overlay projects,
- Reconstruction of the Johnson-Springview Park parking lot,
- Began the planning and RFP process for a new finance and human resource system, with the MUNIS software system having been selected subsequently,
- Completed and opened the Pleasant Valley Creek Park,

- Planning for the construction of Fire Station #3 and remodel of the current Public Safety Station #1,
- Construction and design work on the Clover Valley Project,
- Continued planning and design work on several city neighborhood parks,
- Continued planning and design work on the Sierra College/I-80 Interchange Project, and
- Continued planning and design work on the Rocklin Multi-Modal Rail Station project.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the City Budget for fiscal year 2004/2005 the City Council and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Property tax revenues will increase by 13% due to an estimated rise in assessed valuation and general growth,
2. Sales tax revenues will increase by 19% as a result of anticipated growth in the retail base,
3. Other tax revenues will increase by 11% due to anticipated growth,
4. Interest earnings will increase by .6% due to an anticipated increase in market interest rates,
5. State subventions will be based on population of 45,737,
6. License and permit fees will increase 11% due to an expected growth in development,
7. Current services revenues from fees will increase 18% because of an expected growth in housing units built,
8. EIR revenue will decrease 122%.

The park construction budget of \$4,107,000 includes the following:

- Phase I construction of a community park (Parcel 70 in Phase IV of Stanford Ranch),
- Phase II construction of Lone Tree Park softball fields,
- Repair projects at Johnson-Springview Park, including reconstruction of tennis courts, field light upgrades, and playground equipment replacement,
- Service road extension at Johnson-Springview Park,
- Landscaping projects at Johnson-Springview Park,
- Landscaping of parking lot and construction of park pathway projects at Twin Oaks Park, and
- Picnic shelter at Breen Park.

The facilities construction budget of \$11,937,300 includes the following:

- Funding of the new police station,
- Funding for Fire Station No. 3 to be located on Sioux Street in Stanford Ranch,
- Funding for Public Safety Station #1 remodel,
- Sunset Center Extension improvements,
- Contribution of \$500,000, in partnership with Liberty High School, for a pool on the school campus to be constructed by the School District,
- Contribution of \$1,000,000, in partnership with the Rocklin Unified School District, for the Clarke Dominguez Gymnasium to be constructed by the School District, and
- Administration Building expansion consisting of enclosing the existing outdoor patio area.

The street construction budget of \$10,808,000 includes the following:

- Funding for various citywide street overlays and traffic signal projects,
- Funding for Phase III of the Safe Route to School Project,
- Funding for Pacific Street Improvements, from Midas to Sierra Meadows,



- Funding for the construction of the Sierra College Interchange Project, and
- Funding for miscellaneous streets projects including the Farron Creek Crossing.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report, regarding either the City or any of its component units, or requests for additional information should be addressed to the Finance Manager, 3970 Rocklin Road, Rocklin, California, 95677.

## BASIC FINANCIAL STATEMENTS

## CITY OF ROCKLIN, CALIFORNIA

## STATEMENT OF NET ASSETS

As of June 30, 2004

	Primary Government Governmental Activities
ASSETS	
Cash and investments	\$ 74,722,018
Receivables:	
Accounts receivable	64,781
Interest receivable	30,082
Taxes receivable	1,597,991
Grants receivable	3,775
Notes receivable	2,622,843
Other	3,966
Inventory	82,114
Due from other agencies	763,912
Restricted cash and investments	24,863,574
Unamortized bond issuance costs	473,858
Capital assets, net	<u>260,850,198</u>
<b>TOTAL ASSETS</b>	<b><u>366,079,112</u></b>
LIABILITIES	
Accounts payable	2,414,992
Accrued liabilities	1,560,395
Deposits payable	2,936,146
Interest payable	1,060,419
Due to other agencies	3,137
Long-term liabilities:	
Due within one year	1,900,493
Due in more than one year	<u>40,344,500</u>
<b>TOTAL LIABILITIES</b>	<b><u>50,220,082</u></b>
NET ASSETS	
Invested in capital assets, net of related debt	221,459,502
Restricted for:	
Debt service	17,720,780
Capital projects	36,187,131
Street projects	3,395,196
Housing projects	2,947,261
Low and moderate income housing	2,096,518
Community projects	1,185,719
Park projects	1,230,731
Other projects	209,121
Unrestricted	<u>29,427,071</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 315,859,030</u></b>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

FUNCTIONS/PROGRAMS	Operating Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenue- Governmental Activities
			Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General government	\$ 6,709,784	\$ 471,039	\$ 100,491		\$ (6,138,254)
Public safety	10,415,163	1,019,992	1,368	\$ 542,282	(8,851,521)
Public works	9,174,823	20,014			(9,154,809)
Culture and recreation	7,946,700	3,322,390	1,000		(4,623,310)
Community development	3,657,170	4,905,305	313,871		1,562,006
Interest on long-term debt	994,662				(994,662)
TOTAL GOVERNMENTAL ACTIVITIES	<u>38,898,302</u>	<u>9,738,740</u>	<u>416,730</u>	<u>542,282</u>	<u>(28,200,550)</u>
GENERAL REVENUES:					
Taxes:					
Property taxes					8,374,684
Sales and use tax					6,484,553
Gas tax					3,038,425
Other taxes					1,822,047
Motor vehicle fees					2,003,039
Franchise fees					1,261,835
Impact fees					4,432,850
Interest and investment earnings					1,586,360
Miscellaneous					<u>823,886</u>
			Total General Revenues		<u>29,827,679</u>
			Change in Net Assets		1,627,129
Net assets, beginning of year - as previously reported					317,518,522
Prior period adjustments					<u>(3,286,621)</u>
Net assets, beginning of year - as restated					<u>314,231,901</u>
			Net assets, end of year		<u>\$ 315,859,030</u>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

## BALANCE SHEET - GOVERNMENTAL FUNDS

As of June 30, 2004

	Major Funds			
	General Fund	Public Financing Authority Debt Service Fund	Traffic Circulation Impact Fees Fund	Capital Construction Impact Fees Fund
ASSETS				
Cash and investments	\$ 30,324,324	\$ 2,463	\$ 14,611,749	\$ 4,861,507
Receivables:				
Accounts receivable	14,672			
Interest receivable	13,887			
Taxes receivable	1,089,657			
Grants receivable				
Notes receivable				
Other receivables	3,966			
Due from other funds	15,000			
Advances to other funds	202,126			
Due from other governments	242,275			
Restricted cash and investments		14,691,544		
<b>TOTAL ASSETS</b>	<b>\$ 31,905,907</b>	<b>\$ 14,694,007</b>	<b>\$ 14,611,749</b>	<b>\$ 4,861,507</b>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 597,564		\$ 178,212	\$ 1,115,636
Accrued liabilities	1,447,087		4,060	4,697
Deposits payable	2,936,146			
Due to other governments	3,137			
Due to other funds				
Advances from other funds				
Compensated absences	941,093		3,213	5,767
<b>TOTAL LIABILITIES</b>	<b>5,925,027</b>		<b>185,485</b>	<b>1,126,100</b>
FUND BALANCES				
Reserved for:				
Encumbrances	421,543		1,015,681	19,348
Advances to other funds	202,126			
Low and moderate income housing				
Notes receivable				
Debt service		14,694,007		
Unreserved, designated	6,096,554			
Unreserved, reported in:				
General fund	19,260,657			
Special revenue funds				
Capital projects funds			13,410,583	3,716,059
<b>TOTAL FUND BALANCES</b>	<b>25,980,880</b>	<b>14,694,007</b>	<b>14,426,264</b>	<b>3,735,407</b>
<b>TOTAL LIABILITIES AND AND FUND BALANCES</b>	<b>\$ 31,905,907</b>	<b>\$ 14,694,007</b>	<b>\$ 14,611,749</b>	<b>\$ 4,861,507</b>

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,880,060	\$ 15,436,380	\$ 70,116,483
	50,000	64,672
16,195		30,082
	508,334	1,597,991
	3,775	3,775
20,645	2,602,198	2,622,843
		3,966
		15,000
		202,126
314,581	207,056	763,912
5,039,011	5,133,019	24,863,574
<u>\$ 10,270,492</u>	<u>\$ 23,940,762</u>	<u>\$ 100,284,424</u>

\$ 251,207	\$ 256,966	\$ 2,399,585
	74,099	1,529,943
		2,936,146
		3,137
	15,000	15,000
	202,126	202,126
	61,256	1,011,329
<u>251,207</u>	<u>609,447</u>	<u>8,097,266</u>

152,955	819,711	2,429,238
		202,126
	983,121	983,121
20,645	2,602,198	2,622,843
	3,026,773	17,720,780
		6,096,554
		19,260,657
	6,684,708	6,684,708
9,845,685	9,214,804	36,187,131
<u>10,019,285</u>	<u>23,331,315</u>	<u>92,187,158</u>
<u>\$ 10,270,492</u>	<u>\$ 23,940,762</u>	<u>\$ 100,284,424</u>

## CITY OF ROCKLIN, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

As of June 30, 2004

TOTAL GOVERNMENTAL FUND BALANCES \$ 92,187,158

Amounts reported for Governmental Activities in the Statement of Net Assets  
are different because:Capital assets used in governmental activities are not current financial resources  
and therefore are not reported in the Governmental Funds' balance sheet. 257,806,922Long-term liabilities are not due and payable in the current period and therefore  
are not reported in the Governmental Funds' balance sheet. (41,479,910)  
Total governmental debtGovernmental Funds report discounts on long-term bonds as another financing uses,  
whereas these amounts are capitalized and amortized in the Government-wide  
Statement of Net Assets 311,008Interest payable on long-term debt does not require the use of current financial resources  
and, therefore, is not reported in the governmental funds. (1,060,419)Governmental funds report debt issuance costs (deferred charges) as expenditures,  
whereas these amounts are deferred and amortized in the Government-wide  
Statement of net assets 473,858Internal service funds are used by management to charge the costs of fleet management  
services to individual funds. The assets and liabilities of internal service funds are  
included in the government-wide statement of net assets as governmental activities. 7,620,413NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 315,859,030

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

	Major Funds			
	General Fund	Public Financing Authority Debt Service Fund	Traffic Circulation Impact Fees Fund	Capital Construction Impact Fees Fund
REVENUES				
Taxes and assessments	\$ 15,152,553		\$ 1,688,157	\$ 1,863,768
Licenses and permits	2,991,149			234,000
Fines and forfeitures	212,659			
Use of money and property	616,115	\$ 574,970	85,658	(20,033)
Intergovernmental revenues	2,096,793			
Charges for services	3,331,671			
Other revenues	563,570		151,579	3,662
TOTAL REVENUES	24,964,510	574,970	1,925,394	2,081,397
EXPENDITURES				
Current:				
General government	4,773,325	491,440	673,806	1,781
Public safety	10,216,072			579
Public works	318,725		118,276	
Culture and recreation	6,018,825			862,284
Community development	2,989,457			23,213
Debt service:				
Principal retirement	32,034	410,000		
Interest and other charges	2,561	446,833		
Capital outlay	557,187		4,230,627	6,173,205
TOTAL EXPENDITURES	24,908,186	1,348,273	5,022,709	7,061,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,324	(773,303)	(3,097,315)	(4,979,665)
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued		14,030,000		
Payment to refunded bond escrow agent		(13,885,574)		
Discount on refunding bonds		(289,152)		
Transfers in	3,581,068	130,037		1,889,825
Transfers out			(755,601)	(1,447,612)
TOTAL OTHER FINANCING SOURCES (USES)	3,581,068	(14,689)	(755,601)	442,213
NET CHANGE IN FUND BALANCES	3,637,392	(787,992)	(3,852,916)	(4,537,452)
Fund balances, beginning of year	23,008,639	15,481,999	18,279,180	8,272,859
Prior period adjustments	(665,151)			
Fund balances, beginning of year - as restated	22,343,488	15,481,999	18,279,180	8,272,859
FUND BALANCES, END OF YEAR	\$ 25,980,880	\$ 14,694,007	\$ 14,426,264	\$ 3,735,407

The accompanying notes to financial statements are an integral part of this statement.



Redevelopment Agency Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 3,563,730	\$ 22,268,208
	98,500	3,323,649
		212,659
\$ 229,558	100,095	1,586,363
335,226	3,690,737	6,122,756
	2,856,239	6,187,910
14,297	90,778	823,886
<u>579,081</u>	<u>10,400,079</u>	<u>40,525,431</u>
	823,915	6,764,267
	202,634	10,419,285
	2,357,754	2,794,755
	316,134	7,197,243
	454,021	3,466,691
	478,281	920,315
	995,152	1,444,546
353,128	3,042,606	14,356,753
<u>353,128</u>	<u>8,670,497</u>	<u>47,363,855</u>
225,953	1,729,582	(6,838,424)
	6,650,000	20,680,000
	(1,724,567)	(15,610,141)
	(41,531)	(330,683)
	338,076	5,939,006
(13,823)	(3,662,197)	(5,879,233)
<u>(13,823)</u>	<u>1,559,781</u>	<u>4,798,949</u>
212,130	3,289,363	(2,039,475)
9,807,155	19,756,952	94,606,784
	285,000	(380,151)
<u>9,807,155</u>	<u>20,041,952</u>	<u>94,226,633</u>
<u>\$ 10,019,285</u>	<u>\$ 23,331,315</u>	<u>\$ 92,187,158</u>

CITY OF ROCKLIN, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO  
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ (2,039,475)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	14,415,658
Depreciation expense on capital assets is reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(7,856,651)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-wide Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayment exceeded proceeds.	(4,274,685)
Some expenses reported in the Government-wide Statement of Activities do not require the use of current financial resources and therefore are not expenditures in the governmental funds.	
Change in interest payable	449,884
Change in compensated absences	(26,903)
Governmental funds report debt issuance costs (deferred charges) as current expenditures, whereas these costs are deferred and amortized in the Government-wide Statement of Activities. This is the amount of issuance costs, net of amortization.	473,858
Governmental funds report bond discounts as an other financing uses; however, these cost are capitalized and amortized in the Government-wide Statement of Activities.	311,008
Internal service funds are used by management to charge the vehicle fleet maintenance to individual funds. The change in net assets of the Internal Service Funds is included in the governmental activities in the Government-wide Statement of Net Assets.	174,435
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,627,129</u>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 13,545,100	\$ 13,545,100	\$ 15,152,553	\$ 1,607,453
Licenses and permits	1,784,000	1,784,000	2,991,149	1,207,149
Fines and forfeitures	70,000	70,000	212,659	142,659
Use of money and property	949,400	949,400	616,115	(333,285)
Intergovernmental revenues	2,573,000	2,573,000	2,096,793	(476,207)
Charges for services	2,650,500	2,650,500	3,331,671	681,171
Other revenues	443,600	443,600	563,570	119,970
TOTAL REVENUES	22,015,600	22,015,600	24,964,510	2,948,910
EXPENDITURES				
Current:				
General government	4,808,600	4,854,400	4,773,325	81,075
Public safety	11,262,500	11,271,900	10,216,072	1,055,828
Public works	318,400	346,000	318,725	27,275
Culture and recreation	6,120,700	6,127,800	6,018,825	108,975
Community development	3,149,000	3,299,100	2,989,457	309,643
Debt service:				
Principal retirement	49,000	49,000	32,034	16,966
Interest and other charges	4,700	4,700	2,561	2,139
Capital outlay	678,200	899,900	557,187	342,713
TOTAL EXPENDITURES	26,391,100	26,852,800	24,908,186	1,944,614
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(4,375,500)	(4,837,200)	56,324	4,893,524
OTHER FINANCING SOURCES (USES)				
Transfers in	5,961,600	5,961,600	3,581,068	(2,380,532)
Transfers out	(1,029,600)	(1,029,600)		1,029,600
TOTAL OTHER FINANCING SOURCES (USES)	4,932,000	4,932,000	3,581,068	(1,350,932)
NET CHANGE IN FUND BALANCES	556,500	94,800	3,637,392	3,542,592
Fund balances, beginning of year	23,008,639	23,008,639	23,008,639	
Prior period adjustments	(665,151)	(665,151)	(665,151)	
Fund balances, beginning of year - as restated	22,343,488	22,343,488	22,343,488	
FUND BALANCES, END OF YEAR	\$ 22,899,988	\$ 22,438,288	\$ 25,980,880	\$ 3,542,592

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

STATEMENT OF FUND NET ASSETS--PROPRIETARY FUND  
INTERNAL SERVICE FUND

As of June 30, 2004

	Vehicle Fleet Management Fund
<hr/>	
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 4,605,535
Accounts receivable	109
Inventory	82,114
	<hr/>
TOTAL CURRENT ASSETS	4,687,758
NONCURRENT ASSETS	
Capital assets, net	3,043,276
	<hr/>
TOTAL ASSETS	7,731,034
	<hr/>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	15,407
Accrued liabilities	30,452
Long-term liabilities, due in more than one year	34,315
	<hr/>
TOTAL CURRENT LIABILITIES	80,174
NONCURRENT LIABILITIES	
Long-term liabilities, due in more than one year	30,447
	<hr/>
TOTAL NONCURRENT LIABILITIES	30,447
	<hr/>
TOTAL LIABILITIES	110,621
	<hr/>
NET ASSETS	
Invested in capital assets	2,991,410
Unrestricted	4,629,003
	<hr/>
TOTAL NET ASSETS	\$ 7,620,413
	<hr/>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS--PROPRIETARY FUND  
INTERNAL SERVICE FUND

For the Year Ended June 30, 2004

	Vehicle Fleet Management Fund
OPERATING REVENUES	
Charges for services	\$ 1,658,951
Other	66,039
	<u>1,724,990</u>
OPERATING EXPENSES	
Salaries and benefits	577,292
Services and supplies	477,788
Depreciation	490,993
TOTAL OPERATING EXPENSES	<u>1,546,073</u>
OPERATING INCOME	178,917
NON-OPERATING REVENUES	
Interest revenue	33,320
Other	21,971
TOTAL NON-OPERATING REVENUES	<u>55,291</u>
INCOME BEFORE TRANSFERS	234,208
TRANSFERS	
Transfers out	(59,773)
TOTAL NET TRANSFERS	<u>(59,773)</u>
CHANGE IN NET ASSETS	174,435
Net assets, beginning of year	7,137,092
Prior period adjustment	308,886
Net assets, beginning of year - as restated	<u>7,445,978</u>
NET ASSETS, END OF YEAR	<u>\$ 7,620,413</u>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

STATEMENT OF CASH FLOWS--PROPRIETARY FUND  
INTERNAL SERVICE FUND

For the Year Ended June 30, 2004

	Vehicle Fleet Management Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 1,723,554
Payments to suppliers	(458,905)
Payments to employees	(594,544)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>670,105</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>	
Other	21,971
Transfers out	(59,773)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(37,802)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Purchase of property and equipment	(371,375)
Payments on capital leases	(23,851)
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<u>(395,226)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>33,320</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	270,397
Cash and cash equivalents, beginning of year	<u>4,335,138</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 4,605,535</u></u>
<b>Reconciliation of operating income to net cash provided</b>	
by operating activities:	
Operating income	\$ 178,917
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	490,993
(Gain) loss on disposal of property	29,474
Changes in assets and liabilities:	
Accounts receivable	(109)
Inventory	(1,327)
Accounts payable	(15,837)
Accrued liabilities	5,246
Compensated absences	(17,252)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 670,105</u></u>

The accompanying notes to financial statements are an integral part of this statement.

## CITY OF ROCKLIN, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS

As of June 30, 2004

	Total Agency Funds
	<u>                    </u>
ASSETS	
Cash and investments	\$ 1,792,586
Receivables:	
Accounts receivable	3,208
Taxes receivable	127,404
Restricted cash and investments	<u>9,802,093</u>
TOTAL ASSETS	<u>\$ 11,725,291</u>
LIABILITIES	
Accounts payable	\$ 64,042
Accrued liabilities	31,085
Compensated absences	13,475
Due to others	5,000
Agency obligations	<u>11,611,689</u>
TOTAL LIABILITIES	<u>\$ 11,725,291</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rocklin (the City) was incorporated in 1893 under the laws and regulations of the State of California (the State). The City operates under a City Council/Manager form of government and provides the following services: public safety (Police and Fire), highways and streets, culture-recreation, public improvements, planning and zoning and general administrative services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. In addition, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements related to its proprietary operations. The more significant of these accounting policies are described below.

Reporting Entity: The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include property taxes, sales taxes, other intergovernmental revenue from state and federal sources, user fees and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Rocklin, 3970 Rocklin Road, Rocklin, California 95677.

The City's reporting entity includes the following blended component units:

***Redevelopment Agency of the City of Rocklin:***

The Redevelopment Agency of the City of Rocklin (the Redevelopment Agency) was formed on August 5, 1964 as a separate legal entity under the Community Redevelopment Law. The City Council acts as the governing board of the Redevelopment Agency in concurrent session. The City



## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Manager acts as the Redevelopment Agency's executive director. The annual budget is approved by the Redevelopment Agency's Board of Directors. The State's redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The major source of financing to undertake redevelopment is a "tax increment." Tax increment is the additional property taxes that are paid on the value of new development within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. The Redevelopment Agency is reported as a special revenue fund, debt service fund and capital projects fund.

The Redevelopment Agency provides services entirely for the benefit of the City. Because of this and the governing body consisting solely of members of the City Council, the Redevelopment Agency is treated as a blended component unit. Separate financial statements for the Redevelopment Agency may be obtained at the City's Finance Department.

***Public Financing Authority of the City of Rocklin:***

The Rocklin Public Financing Authority (the Financing Authority) was formed on December 13, 1994 as a joint powers authority between the City and the Redevelopment Agency to serve as a financing mechanism of various capital projects. The City Council acts as the governing board in a concurrent session, as necessary. The bond issuance authorizations are approved by the City's Council and the legal ability for the Financing Authority's debt remains with the City. The Financing Authority provides services solely for the benefit of the City and is presented as a debt service fund. Separate financial statements are issued and may be obtained at the City's Finance Department.

The above component units are included in the City's basic financial statements using the blended method. The governing body of these component units is substantially the same as the governing body of the City and these component units provide services entirely to the City. There are no component units of the City that meet the criteria for discrete presentation.

**Basis of Presentation - Government-wide Financial Statements:** The government-wide financial statements (i.e. the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. The City has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying sales transaction takes place. Grants and similar items are recognized as revenues when all eligibility requirements are met.

Basis of Presentation-Fund Financial Statements: The accounts of the City are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the General Fund includes such activities as public safety, public works, culture and recreation services and community development services.

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Financing Authority Debt Service Fund - This fund accounts for the activities of the Public Financing Authority of the City of Rocklin, as previously described. The Authority was organized to provide financial assistance to the City and Redevelopment Agency for public improvements for the benefit of the residents of the City and the surrounding areas.

Traffic Circulation Impact Fees Fund – This fund accounts for impact fees levied and utilized to finance traffic circulation projects.

Capital Construction Impact Fees Fund – This fund accounts for impact fees levied and utilized to finance the construction of public infrastructure and capital improvements in order to service new development.

Redevelopment Agency Capital Projects Fund – This fund accounts for a portion of the activities of the Redevelopment Agency of the City of Rocklin, a component unit of the City as previously described, related to capital redevelopment projects.

Additionally, the City reports the following fund types:

*GOVERNMENTAL FUNDS*

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds - Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

*PROPRIETARY FUNDS*

Internal Service Funds – Internal Service Funds are used to account for the financing of the City's fleet services provided by one City department to other departments on a cost-reimbursement basis. Internal Service fund balances and activities have been combined with governmental activities in the government-wide financial statements.

*FIDUCIARY FUNDS*

Agency Funds – Agency Funds account for assets held by the City in a purely custodial capacity. Agency Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City reports the following agency funds:

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health & Safety – This fund represents the City's portion of assets forfeited and distributed under the Health & Safety Code Section 11489 by the Rocklin Police Department.

Preschool Mothers Trust – This fund was established to account for various fundraising activities in support of preschool programs within the City.

Kids Junction – This fund was established to account for private donations to support the Kids Junction daycare program.

Swimming Pool Capital Trust – This fund was established to pay for repair and maintenance costs of the Rocklin High School pool since the City uses it for its aquatics programs.

Creative & Performing Arts – This fund accounts for private donations and fundraising activities that support the theatre programs of the City.

Consultation Funds – This fund serves to mitigate the costs of Environmental Impact studies and other services required for proposed construction projects by collecting fees from developers and using those monies to pay for the consultant services.

Rocklin Jubilee – This fund is used to account for all revenues and expenditures associated with the Annual Rocklin Jubilee celebration held at Johnson-Springview Park.

Park Improvement Trust – This fund was set up to provide for repairs and maintenance of city parks.

D.A.R.E. – This fund supports the Drug Awareness Reinforcement Education program provided by the Rocklin Police Department.

Explorer Post 150 – This fund is used to pay for the Rocklin Police Department's Explorer program.

Fire Prevention Education – This fund is used to account for fundraising activities and private donations given for the purpose of providing fire and safety education programs.

Mello-Roos Special Assessment Districts – The following funds account for the special assessment bonds issued by local improvement districts under the Mello-Roos Public Improvement Acts. Property owners are assessed their proportionate share, and the City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders: Community Facilities District (CFD)#2, CFD#3, CFD#4, CFD#6, CFD#7, CFD#8 and CFD#9.

Granite Drive Assessment District – This fund provides for the debt service payment requirements on bonds issued under the 1915 Improvement Act Bonds, Division 11.5 of the Streets and Highways Code of California.

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Monte Verde Assessment District — This fund provides for the debt service payment requirements on bonds issued under the 1915 Improvement Act Bonds, Division 11.5 of the Streets and Highways Code of California.

Community Facilities District #5 — This fund generates tax revenues levied to property owners in order to provide for the operations of a specific landscape maintenance district.

Wetlands Maintenance Trust — This fund holds invested monies in trust and uses the investment earnings to pay for annual maintenance of wetland areas within the City.

Boroski Landfill Monitoring Trust — This fund was set up to provide for the maintenance and monitoring of a non-operational landfill within the City.

Youth Sports Trust — This fund accounts for the youth sports program fundraisers and is used to provide sports activities throughout the year.

Miscellaneous Recreation Trust Fund — This fund accounts for the Teen Program fundraisers and is used for various teen activities throughout the year.

Senior Programs Trust — This fund accounts for private donations as well as monies generated by fundraising activities to support Rocklin Senior programs.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The City's only proprietary fund is the Internal Service Fund. The principle operating revenues of the City's Internal Service Fund are charges to user departments for services. Operating expenses for the Internal Service Fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For purposes of the accompanying Statement of Cash Flows, cash and cash equivalents are defined as deposits and highly liquid investments with original maturities of 90 days or less, and are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations. Cash and cash equivalents include: demand deposits, short-term, highly liquid investments including Treasury bills, commercial paper, certificates of deposit, money market funds and cash management pools, including California Local Agency Investment Fund (LAIF).

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: In accordance with the City's Investment Policy, the City is authorized to invest in the following types of investments:

- Certificates of Deposit
- Bankers' Acceptances
- Treasury Bills and Notes
- Commercial Papers
- Repurchase Agreements
- Mutual Funds
- Money Market Funds
- Medium-Term Notes
- Government Agency securities
- Passbook Savings Accounts
- State of California Local Agency Investment Fund
- Federal, State, and Local Agency Bonds
- Reverse Repurchase Agreements
- Collateralized Negotiable Securities
- Mortgage-Backed Securities
- Placer County Treasurer Investment Pool

Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value using the aggregate method.

Receivables and Payables: Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and are considered available if received within 60 days of year end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis is limited to the amount that is deemed measurable and collectible.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a reservation of fund balance for noncurrent assets in governmental funds to indicate they do not constitute resources available for appropriation.

Property Taxes: The County of Placer (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year end. Secured property taxes are levied on or before January 1 of each year. They become a lien on real property on January 1. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs and interest when paid. These taxes are secured by liens on the property being taxed.

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The term “unsecured” refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

Inventory: Inventories are stated at cost (average cost per unit). Cost of inventory is recorded as an expenditure when consumed, rather than when purchased. Inventories of governmental funds are offset by a reservation of fund balance to indicate that they do not constitute resources available for future appropriation.

Restricted Assets: Certain proceeds of the City’s long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets: Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, curbs and gutters, streets, traffic signals, signs, landscaped corridors, drainage systems and lighting systems) are reported in the government-wide financial statements. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are reported at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Equipment, machinery and vehicles	3-20
Facilities and improvements	15
Infrastructure	25-50
Buildings and building improvements	30

It is the City’s policy to capitalize all capital assets with a cost of \$5,000 or more. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, proceeds from the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balance of the related fund. Proceeds reported in the governmental funds are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Deposits Payable: Deposits payable consist of deposits received from developers to cover planning and other costs incurred by the City.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: The City's policies regarding vacation and sick leave permit employees to accumulate earned, but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary fund reports the liability as it is incurred. Typically the General Fund liquidates the compensated absence liability.

Long-term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as unamortized bond issuance costs and are amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, incurred during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of the City not restricted for any project or other purpose.

Fund Balance: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties to use for a specific purpose. Designations of fund balance represent management's tentative plans for use of financial resources in a future period. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. See Note H for designated amounts. The following is a descriptive list of the reserves used by the City.



CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reserved for encumbrances – used to segregate that portion of fund balance to indicate that encumbrances do not represent available, spendable resources.

Reserved for advances to other funds and notes receivable - used to indicate that the advances to other funds do not represent available, spendable resources even though they are components of assets.

Reserved for low and moderate income housing – used to represent that portion of fund balance reserved for low and moderate income housing.

Reserved for debt service - used to represent that portion of fund balance/retained earnings segregated for service of long-term indebtedness.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information: The City Council establishes budgets for all governmental funds. Budgetary control is legally maintained at the fund level. The City Manager submits a proposed budget to the City Council for the following year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts within a single fund. However, the City Council must approve revisions that alter the total expenditures of any fund.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial.

Budget information is presented for the General Fund and major Special Revenue Funds, if any. The budget information is presented on a basis consistent with GAAP. Governmental Fund budgets are maintained on the modified accrual basis of accounting. Appropriations, except open project appropriations, encumbrances, and unexpended grant appropriations lapse at the end of each fiscal year. The budgetary data is prepared on the modified accrual basis consistent with the related “actual” amounts.

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Excess Expenditures Over Appropriations: The following funds had excess expenditures over appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
Special Revenue Funds:			
Traffic Safety Trust Fund	\$ 9,700	\$ 36,140	\$ 26,440
Traffic Congestion Fund	46,300	52,542	6,242
CFD #1 Fund	6,900	7,040	140
2000 Housing Rehabilitation Fund	-	4,420	4,420
Debt Service Funds:			
Capital Construction Debt Service Fund	341,100	557,966	216,866
Public Financing Authority Fund	1,304,900	1,348,273	43,373
Capital Projects Funds:			
Monte Verde Assessment District	-	3,869	3,869
CFD #8	-	123,495	123,495

Deficit Fund Equity: The following funds had a fund deficit at June 30, 2004:

<u>Fund</u>	<u>Deficit</u>
Lighting District #1 Fund	\$ (262,631)
Community Facilities District #1 Fund	(68)

The deficit balances of these Funds will be eliminated with future special assessments.

## NOTE B—CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand; demand deposits in the bank, amounts invested in the State of California Local Agency Investment Fund (LAIF) and debt service reserves held in money market funds. Cash and investments at June 30, 2004 are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 74,722,018	\$ 1,792,586	\$ 76,514,604
Restricted cash and investments	<u>24,863,574</u>	<u>9,802,093</u>	<u>34,665,667</u>
Total cash and investments	<u>\$ 99,585,592</u>	<u>\$ 11,594,679</u>	<u>\$ 111,180,271</u>

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE B—CASH AND INVESTMENTS (Continued)

Cash deposits are categorized to give an indication of the level of credit risk assumed by the City.

Category 1 - Deposits which are insured by the FDIC.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution in the entity's name.

Category 3 - Deposits which are uninsured or uncollateralized or collateralized with securities not in the entity's name.

Investments are categorized into these three categories of credit risk to give an indication of the level of credit risk assumed by the City.

Category 1 - Investments which are insured or registered, or securities held by the entity or its agent in the entity's name.

Category 2 - Investments which are uninsured and unregistered, with securities held by counterparty's trust department (if a bank) or agent in the entity's name.

Category 3 - Investments which are uninsured and unregistered, with securities held by counterparty in the entity's name or held in the counterparty's trust department (if a bank) or agent but not in the entity's name.

At June 30, 2004, the City's cash and investments consisted of the following:

	<u>Category 1</u>	<u>Category 2</u>	<u>Not Categorized</u>	<u>Fair Value</u>
Cash and investments in City pool:				
Deposits in financial institutions	\$ 200,000	\$ 783,288		\$ 983,288
Cash on hand	910			910
Local Agency Investment Fund			\$ 12,614,162	12,614,162
U.S. Government Agency securities	43,498,304			43,498,304
U.S. Treasury securities	6,090,837			6,090,837
Corporate bonds	13,269,984			13,269,984
Mortgage – backed securities	27,579			27,579
Money market funds			29,540	29,540
	<u>63,087,614</u>	<u>783,288</u>	<u>12,643,702</u>	<u>76,514,604</u>
Restricted cash and investments:				
Deposits in financial institutions	200,000	315,214		515,214
Investment contracts	2,834,332			2,834,332
U.S. Treasury obligations	2,576,369	2,587,369		5,163,738
U.S. Government Agency securities	2,400,762	2,852,612		5,253,374
Mutual funds			2,296,819	2,296,819
Money market funds			1,678,711	1,678,711
Commercial paper	500,000	2,396,407		2,896,407
Local Agency Special Tax Bonds		14,027,072		14,027,072
	<u>8,511,463</u>	<u>22,178,674</u>	<u>3,975,530</u>	<u>34,665,667</u>
Total cash and investments	<u>\$ 71,599,077</u>	<u>\$ 22,961,962</u>	<u>\$ 16,619,232</u>	<u>\$ 111,180,271</u>

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE B—CASH AND INVESTMENTS (Continued)

At June 30, 2004, the carrying amount of the unrestricted deposits in financial institutions was \$983,288 and the bank balances totaled \$2,790,199. Of the bank balance, \$581,370 was covered by federal depository insurance and \$2,208,829 was collateralized as required by State Law (Government Code Section 53630), by the pledging financial institution, with assets held in a common pool for the City and other governmental agencies, but not in the City's name. At June 30, 2004, the carrying amount of the restricted deposits in financial institutions was \$515,214 and the bank balances totaled \$748,914. Of these bank balances, \$455,250 was covered by federal depository insurance and \$293,664 was collateralized as discussed above.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City invests in LAIF, a State of California external investment pool. The City's investments in LAIF are stated at fair value. The total amount invested by all public agencies in LAIF is \$57,600,699,158 and is managed by the State Treasurer. Of that amount, 98.4% percent is invested in non-derivative financial products and 1.6% in derivative financial products. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool.

NOTE C—INTERFUND TRANSACTIONS

Interfund balances at June 30, 2004 were as follows:

Due to General Fund from:

Nonmajor governmental funds	<u>\$ 15,000</u>
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These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund advances at June 30, 2004 were as follows:

Advance from the General Fund to:

Nonmajor governmental funds	<u>\$ 202,126</u>
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CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE C—INTERFUND TRANSACTIONS (Continued)

This amount was loaned by the City to the Redevelopment Agency to pay debt service expenses. This advance will be paid off in following years from tax increment revenues. This advance is not expected to be repaid within one year.

Interfund transfers for the year ended June 30, 2004 were as follows:

Transfers to the General Fund from:

Traffic Circulation Impact Fees Fund	\$ 755,601
Capital Construction Impact Fees Fund	979,499
Redevelopment Capital Construction Fund	13,823
Internal Service Fund	59,773
Nonmajor Special Revenue Funds	1,632,573
Nonmajor Debt Service Funds	39,177
Nonmajor Capital Projects Funds	<u>100,622</u>

Total transfers to the General Fund \$ 3,581,068

Transfers to the Public Financing Authority Fund from:

Capital Construction Impact Fees Fund	<u>\$ 130,037</u>
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Transfer to Capital Construction Impact Fee Fund from:

Nonmajor Capital Projects Funds	<u>\$ 1,889,825</u>
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Transfers to Nonmajor Debt Service Funds from:

Capital Construction Impact Fees Fund	<u>\$ 338,076</u>
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

NOTE D—NOTES RECEIVABLE

The following is a summary of the notes receivable outstanding as of June 30, 2004:

Community Development Block Grant (CDBG) Revolving Loans – The City participates in a CDBG Revolving Loan program. The program is federally funded and provides housing rehabilitation loans to eligible applicants. The City makes loans to resident homeowners who qualify as low income, some of which are deferred and are not repaid until the title to the property changes. The balance of these loans at June 30, 2004, was \$840,530.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE D—NOTES RECEIVABLE (Continued)

Low Moderate Income Housing Loans – The Redevelopment Agency has made various loans to qualifying participants within the City as part of the Federal First Time Home Buyers Program (HOME). Interest rates vary depending on the terms of the loan and interest is deferred until the loan is refinanced or title to the property changes and may be waived under certain conditions if the loan is carried to full term. The HOME notes receivable at June 30, 2004, were \$682,313.

Villa Serena II Loan – On July 24, 2001, the Redevelopment Agency entered into an agreement with Stanford Arms, a California Limited Partnership, for a loan in the amount of \$1,100,000. The loan has been used to finance the acquisition of real property located at Villa Serena Way and Park Drive. The loan is at 3% simple interest and is to be repaid from residual receipts over a thirty-year period. The loan is secured by a deed of trust covering the property, improvements, fixtures and by all deposits of the borrower.

Notes receivable for the year ended June 30, 2004 consists of the following:

Major Governmental Funds:	
Redevelopment Agency Capital Projects Fund	\$ 20,645
Nonmajor Special Revenue Funds:	
Redevelopment Special Revenue	1,113,397
Housing Rehabilitation Program 1 Fund	369,278
Housing Rehabilitation Program 2 Fund	152,210
2000 Housing Rehabilitation Fund	285,000
First Time Home Buyers Fund	<u>682,313</u>
Total	<u>\$ 2,622,843</u>

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE E—CAPITAL ASSETS

Governmental capital asset activities for the year ended June 30, 2004 was as follows:

	July 1, 2003 Balance (Restated)	Additions	Retirements	Transfers	June 30, 2004 Balance
Capital assets, not being depreciated:					
Land	\$ 5,620,078	\$ 135,516			\$ 5,755,594
Land improvements	11,563			\$ 55,898	67,461
Park land	21,845,680				21,845,680
Construction in progress	<u>7,558,138</u>	<u>13,515,875</u>		<u>(933,544)</u>	<u>20,140,469</u>
	<u>35,035,459</u>	<u>13,651,391</u>		<u>(877,646)</u>	<u>47,809,204</u>
Capital assets, being depreciated:					
Buildings	10,835,947				10,835,947
Facilities and other improvements	463,439				463,439
Machinery and equipment	7,764,969	438,142	\$ (113,853)		8,089,258
Park buildings	422,226				422,226
Park equipment	1,036,471				1,036,471
Park improvements	3,726,793			877,646	4,604,439
Infrastructure	<u>254,645,326</u>	<u>697,500</u>			<u>255,342,826</u>
	<u>278,895,171</u>	<u>1,135,642</u>	<u>\$ (113,853)</u>	<u>877,646</u>	<u>280,794,606</u>
Less accumulated depreciation for:					
Buildings	4,649,050	754,084			5,403,134
Facilities and other improvements	159,913	41,905			201,818
Machinery and equipment	4,168,591	679,210	(84,270)		4,763,531
Park buildings	114,046	14,074			128,120
Park equipment	875,464	68,509			943,973
Park improvements	1,237,832	306,962			1,544,794
Infrastructure	<u>48,285,342</u>	<u>6,482,900</u>			<u>54,768,242</u>
Total accumulated depreciation	<u>59,490,238</u>	<u>8,347,644</u>	<u>(84,270)</u>		<u>67,753,612</u>
Capital assets being depreciated, net	<u>219,404,933</u>	<u>(7,212,002)</u>	<u>(29,583)</u>	<u>877,646</u>	<u>213,040,994</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<b><u>\$ 254,440,392</u></b>	<b><u>\$ 6,439,389</u></b>	<b><u>\$ (29,583)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 260,850,198</u></b>

Depreciation expense for capital assets was charged to functions as follows:

General government	\$ 274,467
Public safety	134,754
Public works	6,411,092
Culture and recreation	840,200
Community development	196,138
Capital assets held by government's internal service funds are charged to the various functions based on their usage of assets.	<u>490,993</u>
Total governmental activities depreciation expense	<u>\$ 8,347,644</u>

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE F—LONG-TERM LIABILITIES

The activity of the City's of long-term liabilities during the year ended June 30, 2004 are as follows:

	Balance at July 1, 2003	Incurred	Retired	Balance at June 30, 2004	Due Within One year
1995 Certificates of participation	\$ 1,935,000		\$ (1,935,000)		
2003 Certificates of participation		\$ 6,650,000		\$ 6,650,000	\$ 230,000
2003 Public Financing Authority (PFA) Refunding Revenue Bonds- Senior		12,575,000		12,575,000	240,000
2003 PFA Refunding Revenue Bonds- Subordinate		1,455,000		1,455,000	
1999 PFA Revenue Bonds	14,100,000		(14,100,000)		
1997 Refunding Tax Allocation Bonds	2,975,000		(90,000)	2,885,000	90,000
2002 Refunding Tax Allocation Bonds	13,400,000		(105,000)	13,295,000	110,000
Ganiats promissory note	850,000		(100,000)	750,000	100,000
Pass-through obligation	183,792		(43,281)	140,511	45,012
Capital leases – Internal Service Fund	75,717		(23,851)	51,866	25,213
Capital leases – Governmental Funds	71,871		(32,034)	39,837	39,837
Claims payable	2,754,425			2,754,425	
Compensated absences	<u>1,874,852</u>	<u>84,510</u>		<u>1,959,362</u>	<u>1,020,431</u>
	<u>38,220,657</u>	<u>\$ 20,764,510</u>	<u>\$ (16,429,166)</u>	<u>42,556,001</u>	<u>\$ 1,900,493</u>
Less: Bond discounts				<u>(311,008)</u>	
	<u>\$ 38,220,657</u>			<u>\$ 42,244,993</u>	

Long-term debt consists of the following:

2003 Certificates of Participation: In December 2003, the City issued certificates in the amount of \$6,650,000. The proceeds from this issuance were used to finance a portion of the police station construction costs and related facilities and defease outstanding 1995 certificates of participation. The required reserve balances provide the security for this issuance. Interest rates range from 2% to 4.20%. Principal payments, ranging from \$230,000 to \$525,000 are payable annually on September 1 and interest payments ranging from \$22,050 to \$205,505 are payable semi-annually on March 1 and September 1. \$ 6,650,000

2003 Senior and Subordinate Refunding Revenue Bonds: In January 2004, the Rocklin Public Financing Authority issued \$12,575,000 of Senior Refunding Revenue Bonds and \$1,455,000 of Subordinate Refunding Revenue Bonds. Proceeds from these bonds were used to refund the outstanding 1999 Public Financing Authority Revenue Bonds. The Bonds are secured by revenues from specific assessment districts. Interest rates range from 2% to 4.5% for the Senior issue and 2.25% to 5.625% for the Subordinate issue. Principal payments ranging from \$240,000 to \$850,000 are payable annually on September 1 and interest payments ranging from \$19,550 to \$229,102 are payable semi-annually on March 1 and September 1 through



CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE F—LONG-TERM LIABILITIES (Continued)

September 1, 2025 for the Senior issue. Principal payments ranging from \$60,000 to \$120,000 are payable annually on September 1 and interest payments ranging from \$3,375 to \$33,173 are payable semi-annually on March 1 and September 1 through September 1, 2021 for the Subordinate issuance. \$ 14,030,000

1997 Refunding Tax Allocation Bonds: On April 1, 1997, refunding tax allocation bonds were issued, in the amount of \$3,410,000, to defease the 1989 tax allocation bonds of the Redevelopment Agency. The tax allocation bonds are secured by a pledge of tax-increment revenues and deposits with a fiscal agent included in the reserve account. Interest rates range from 4.25% to 6.10%. Principal payments ranging from \$35,000 to \$390,000 are payable annually on September 1 and interest payments ranging from \$23,028 to \$85,305 are payable semi-annually on March 1 and September 1 through September 1, 2027. 2,885,000

2002 Refunding Tax Allocation Bonds: On February 1, 2002, tax allocation bonds were issued, in the amount of \$13,730,000, to defease the 1994 tax allocation bonds of the Redevelopment Agency. The proceeds of the tax allocation bonds are being used to finance certain capital improvements within the Redevelopment Agency's project area. The bonds are payable from and secured by certain tax revenues payable to the Redevelopment Agency. Tax increment revenues are the sole revenue source pledged for repayment of this debt. Interest rates range from 4.60% to 5.50%. Principal payments ranging from \$95,000 to \$1,060,000 are payable annually on September 1 and interest payments ranging from \$57,338 to \$350,186 are payable semi-annually on March 1 and September 1 through 1, 2032. 13,295,000

Ganiats Promissory Note: On March 31, 1999, the Rocklin Public Financing Authority entered into an installment sale agreement with George C. Ganiats to purchase property. The original principal amount of \$1,250,000 will be paid in ten equal installments of \$100,000 and a final payment of \$250,000. The installment payments are due on April 1, of each year commencing in 2000 and ending in 2009. The final payment is due April 1, 2010. Interest is accrued and due annually at 5% on the outstanding principal amount related to the installments and 1.84% on the final payment. 750,000

Pass-through Obligation: As part of the establishment of the City's Redevelopment Plan in 1986, the Agency agreed to pass-through a portion of any incremental taxes it collects through fiscal year 1997 to the County, which preceded the Redevelopment Agency as the taxing authority in the Redevelopment Area. The agreement was revised upon adoption of the Plan Amendment in 1997. Payments of the amounts accumulated began in 1998 and are to be made in equal amounts over ten years, with interest at 4%. 140,511

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE F—LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the outstanding debt as of June 30, 2004 are as follows:

Year Ending June 30:	2003 Certificates of Participation		2003 PFA Refunding Revenue Bonds - Senior		2003 PFA Refunding Revenue Bonds-Subordinate	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 230,000	\$ 157,579	\$ 240,000	\$ 258,510	\$	\$ 37,043
2006	435,000	205,505	430,000	458,204	60,000	66,346
2007	440,000	196,805	440,000	449,604	65,000	64,996
2008	450,000	188,005	445,000	440,804	65,000	63,290
2009	460,000	179,005	455,000	431,904	70,000	61,259
2010 - 2014	2,205,000	708,340	2,455,000	1,982,843	375,000	266,244
2015 - 2019	2,430,000	305,570	2,895,000	1,539,069	475,000	171,312
2020 - 2024			3,555,000	883,015	345,000	38,813
2025 - 2029			1,660,000	115,460		
	<u>\$ 6,650,000</u>	<u>\$ 1,940,809</u>	<u>\$ 12,575,000</u>	<u>\$ 6,559,413</u>	<u>\$ 1,455,000</u>	<u>\$ 769,303</u>

Year Ending June 30:	1997 Refunding Tax Allocation Bonds		2002 Refunding Tax Allocation Bonds		Ganiats Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 90,000	\$ 170,610	\$ 110,000	\$ 700,371	\$ 100,000	\$ 25,000
2006	95,000	165,845	95,000	695,311	100,000	20,000
2007	100,000	160,803	155,000	690,941	100,000	15,000
2008	110,000	155,403	190,000	683,766	100,000	10,000
2009	115,000	149,353	200,000	674,981	100,000	50,000
2010 - 2014	675,000	641,260	1,145,000	3,201,251	250,000	50,000
2015 - 2019	305,000	466,175	1,925,000	2,852,291		
2020 - 2024	240,000	398,330	2,745,000	2,230,369		
2025 - 2029	1,155,000	207,400	2,755,000	1,498,848		
2030 - 2034			3,975,000	450,313		
	<u>\$ 2,885,000</u>	<u>\$ 2,515,179</u>	<u>\$ 13,295,000</u>	<u>\$ 13,678,442</u>	<u>\$ 750,000</u>	<u>\$ 170,000</u>

Year Ending June 30:	Pass through obligation - Placer County	
	Principal	Interest
2005	\$ 45,012	\$ 5,620
2006	46,813	3,820
2007	48,686	1,947
	<u>\$ 140,511</u>	<u>\$ 11,387</u>

In December 2003, the City issued 2003 Certificates of Participation totaling \$6,650,000 with an average interest rate of 2.26% to advance refund \$1,695,000 of outstanding 1995 Revenue Certificates of Participation with an average interest rate of 5.15%. The remaining \$4,955,000 of proceeds were used to finance construction of the police station. The City completed the advance refunding of the 1995 Certificates of Participation to reduce its total debt service payments through September 1, 2009 by

# CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

### NOTE F—LONG-TERM LIABILITIES (Continued)

\$1,514,569 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$125,432.

In January 2004, the City issued 2003 Subordinate and Senior Refunding Revenue totaling \$14,030,000 with an average interest rate of 5.57% to advance refund \$13,790,000 of outstanding 1999 Revenue bonds with an average interest rate of 4.21%. The City completed the advance refunding to reduce its total debt service payments through September 1, 2025 by \$3,879,866 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,128,360.

Capital leases: The City leases portable buildings and various vehicles under capital leases, which have various annual and semiannual payments through January 1, 2006. The cost and accumulated depreciation for assets acquired under capital lease were \$582,377 and \$262,078, respectively, at June 30, 2004. Amortization expense has been included in depreciation expense. As of June 30, 2004, future minimum lease payments under capital lease obligations are as follows:

Fiscal Year Ending June 30:	
2005	\$ 69,227
2006	<u>27,784</u>
	97,011
Less: amount representing interest	<u>(5,308)</u>
Net present value of future minimum lease payments	<u>\$ 91,703</u>

Claims payable: The City has recorded a liability for potential claims in excess of amounts covered by the insurance pool. See Note L for further discussion of the City's risk management activities.

### NOTE G—AGENCY BONDS PAYABLE

Special Assessment bonds have been issued under the 1915 Bond Act and the Mello-Roos Community Facilities Act of 1982. The City is in no way liable for repayment of any bonds of the funds reflected in the Agency Funds, according to bond counsel, but is acting only as an agent for the property owners/bond holders in collecting and forwarding the special assessments. Balances of the various assessment district bonds are as follows as of June 30, 2004:

Stanford Ranch CFD No. 2 Refunding Special Tax Bonds	\$ 6,780,000
Stanford Ranch CFD No. 3 A & B Refunding Special Tax Bonds	23,975,000
Stanford Ranch CFD No. 3C Special Tax Bonds	4,995,000
Rocklin Southeast CFD No. 4 (Southeast Rocklin) Special Tax Bonds	2,245,000
Granite Drive Assessment District Refunding Special Tax Bonds	2,665,000
Monte Verde Assessment District Refunding Special Tax Bonds	610,000
Rocklin CFD No. 7 (Sunset West Interchange/Major Street) Special Tax Bonds	4,130,000

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE G—AGENCY BONDS PAYABLE (Continued)

Rocklin CFD No. 6 (Sunset West Drainage) Special Tax Bonds	2,070,000
Rocklin CFD No. 8 (Sunset West Park Drive) Special Tax Bonds	5,350,000
Rocklin CFD No. 9 (Sunset West/Blue Oaks) Special Tax Bonds	<u>6,370,000</u>
	<u>\$ 59,190,000</u>

In October 2004, \$6,410,000 of the CFD No. 3 Refunding Special Tax Bonds were refunded.

NOTE H—FUND BALANCE/NET ASSETS DESIGNATIONS

Designated fund balance/net assets consist of the following at June 30, 2004:

Retiree's health insurance premiums	\$ 3,570,965
Building replacement	19,495
Building repair	506,094
Disaster contingencies	<u>2,000,000</u>
	<u>\$ 6,096,554</u>

NOTE I—DEFINED BENEFIT PENSION PLAN

Plan Description: The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent full and part time City employees working at least 1,000 hours per year are enrolled in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over twelve consecutive months of employment. Benefit provisions and all other requirements are established by state statute.

The establishment and amendment of specific benefit provisions of the plan is authorized by resolution of the City Council. Copies of the PERS annual financial report and pertinent past trend information may be obtained from their Executive Offices at 400 P Street, Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees, except for management, on their behalf and for their account. Contributions made by the City on behalf of the employees totaled \$734,590. The City is required to contribute at actuarially determined rates, which are 3.411% for miscellaneous employees and 9.093% for safety employees of annual covered payroll. The contribution requirement of plan members and the City are established and may be amended by PERS.

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE I—DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost: For the year ended June 30, 2004, the City's annual pension costs of \$706,999 for PERS were equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2001, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 4.27% to 11.59% for safety employees and 3.75% to 14.20% for non-safety employees and (c) 3.75% payroll growth factor. Both (a) and (b) included an inflation component of 3.50%. The actuarial value of PERS assets were determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization of the unfunded liability at June 30, 2001 is 5 years for miscellaneous employees and 15 years for safety employees.

## Three-year Trend Information for PERS

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2002	\$ 218,789	100.00%	None
2003	315,066	100.00%	None
2004	706,999	100.00%	None

## NOTE J—DEFERRED COMPENSATION PLAN

Eligible City employees can participate in a Section 457 Deferred Compensation Plan. Participants are allowed to contribute funds on a pretax basis up to a specified maximum. The City makes matching contributions in amounts ranging from \$50 to \$750 per month. For the year ended June 30, 2004 the City's matching contribution is \$197,244.

## NOTE K—OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits, the City provides certain healthcare benefits for retired employees through PERS. The City's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the City. At June 30, 2004, 36 retired employees/survivor dependents meet those eligibility requirements. The City contributions are financed on a pay-as-you-go basis and thus the City recognizes the cost of providing those benefits by budgeting for and expensing the annual insurance premiums, which amounted to \$221,148 for the year, ended June 30, 2004.

# CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

### NOTE L—RISK MANAGEMENT

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The NCCSIF provides claims processing administrative services, risk management services and actuarial studies. A member from each city governs the NCCSIF. City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage provider	Payment Source
<i>LIABILITY CLAIM</i>		
\$ 0 - 25,000	Self-insured	Banking layer
25,001 - 500,000	Northern California Cities Self Insurance Fund	Shared risk pool
500,001 - \$25,000,000	California Joint Powers Risk Management Authority	Shared risk pool
<i>WORKERS' COMPENSATION</i>		
\$ 0 - 100,000	Self-insured	Banking layer
100,001 - 500,000	Northern California Cities Self Insurance Fund	Shared risk pool
500,001 - \$25,000,000	Commercial insurance	

The City purchases commercial insurance for all other risks of loss. The City is self-insured for amounts in excess of these amounts. The City is also self-insured for employee dental and vision claims. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years.

The City's equity investment in the NCCSIF of \$85,246 is recorded in the General Fund. The audited financial statements of the JPA are available at the NCCSIF's office.

CITY OF ROCKLIN, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE M—CONTINGENT LIABILITIES

The City is party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the City's legal counsel believe that there are no material loss contingencies that would have a material adverse impact on the financial position of the City.

The City participates in various federal and state assisted grant programs. These programs are subject to compliance audits by the grantors. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the agreements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE N—COMMITMENTS

In June 2004, the City entered into an agreement with the Rocklin Unified School District for joint use of a gymnasium to be constructed at Rocklin Elementary School. In connection with this agreement, the City agreed to contribute \$1 million to the school district. This contribution was made by the City in October 2004.

The City had the following significant unexpended project commitments as of June 30, 2004:

Police Station	\$ 6,000,000
Multimodal Train Station	<u>1,200,000</u>
	<u>\$ 7,200,000</u>

## CITY OF ROCKLIN, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

## NOTE O—RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS

Certain agency funds were reclassified to nonmajor special revenue funds during the year ended June 30, 2004. In addition, certain errors resulting in both the overstatement and understatement of assets, liabilities, net assets, revenues and expenses at June 30, 2003 were corrected this year. As a result of these reclassifications and adjustments, the net assets reported on the statement of activities as of July 1, 2003 have been restated as follows:

Net assets as of July 1, 2003, as previously reported	\$ 317,518,522
Reclassify Traffic Safety Trust Fund from Agency Fund to Special Revenue Fund	36,026
Reclassify ADA Superfund from Agency Fund to Special Revenue Fund	354,011
Reclassify the Park Repair and Development Fund from Agency Fund to Special Revenue Fund	299,373
Correct balance of investment in insurance pool	(665,151)
Record housing rehabilitation loans not previously recorded as an asset	285,000
Adjust accumulated depreciation on fleet capital assets to the balances supported by the detail listing	308,995
Accrue interest on long-term debt for government-wide presentation	(1,510,409)
Adjust for infrastructure that was recorded twice in the prior year and other general capital asset changes	<u>(2,394,466)</u>
Total adjustments	<u>(3,286,621)</u>
Net assets as of July 1, 2003, as restated	<u>\$ 314,231,901</u>



## REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF ROCKLIN, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS OF  
PENSION PLAN (UNAUDITED)

June 30, 2004

The table below, which is from the latest available actuarial valuation, shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the funded status of the accrued liability as a percentage of the annual covered payroll for the City's contributions to PERS as of June 30:

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>(Excess Assets) Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>(Excess Assets) Unfunded Liability as a % of Covered Payroll</u>
<u>MISCELLANEOUS PLAN:</u>						
6/30/2001	\$ 11,935,185	\$ 13,115,635	\$ (1,180,450)	109.9%	\$ 6,199,012	(19.0%)
6/30/2002	13,839,845	12,833,237	1,006,608	92.7%	7,572,552	13.3%
6/30/2003	17,353,034	13,664,664	3,688,370	78.7%	8,240,816	44.8%
<u>SAFETY PLAN:</u>						
6/30/2000	\$ 9,771,132	\$ 11,974,264	\$ (2,203,132)	122.5%	\$ 3,036,254	(72.6%)
6/30/2001	11,340,034	12,856,892	(1,516,858)	113.4%	3,640,156	(41.7%)
6/30/2002	12,944,645	12,607,136	337,509	97.4%	4,174,305	8.1%

COMBINING INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ROCKLIN, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

As of June 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental
<b>ASSETS</b>				
Cash and investments	\$ 8,391,266	\$ 1,216,321	\$ 5,828,793	\$ 15,436,380
Receivables:				
Accounts receivable	50,000			50,000
Taxes receivable	359,949	148,385		508,334
Grants receivable	3,775			3,775
Notes receivable	2,602,198			2,602,198
Due from other government agencies		207,056		207,056
Restricted cash and investments		1,678,712	3,454,307	5,133,019
<b>TOTAL ASSETS</b>	<u>\$ 11,407,188</u>	<u>\$ 3,250,474</u>	<u>\$ 9,283,100</u>	<u>\$ 23,940,762</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 220,119	\$ 4,777	\$ 32,070	\$ 256,966
Accrued liabilities	60,661	7,191	6,247	74,099
Due to other funds	15,000			15,000
Compensated absences	46,872	9,395	4,989	61,256
Advances from other funds		202,126		202,126
<b>TOTAL LIABILITIES</b>	<u>342,652</u>	<u>223,489</u>	<u>43,306</u>	<u>609,447</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	794,509	212	24,990	819,711
Low and moderate income housing	983,121			983,121
Notes receivable	2,602,198			2,602,198
Debt service		3,026,773		3,026,773
Unreserved:				
Undesignated	6,684,708		9,214,804	15,899,512
<b>TOTAL FUND BALANCES</b>	<u>11,064,536</u>	<u>3,026,985</u>	<u>9,239,794</u>	<u>23,331,315</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 11,407,188</u>	<u>\$ 3,250,474</u>	<u>\$ 9,283,100</u>	<u>\$ 23,940,762</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes and assessments	\$ 546,641	\$ 2,136,164	\$ 880,925	\$ 3,563,730
Licenses and permits	98,500			98,500
Use of money and property	108,499	45,862	(54,266)	100,095
Intergovernmental	3,459,220	231,517		3,690,737
Charges for services	2,856,239			2,856,239
Other revenues	90,778			90,778
<b>TOTAL REVENUES</b>	<b>7,159,877</b>	<b>2,413,543</b>	<b>826,659</b>	<b>10,400,079</b>
<b>EXPENDITURES</b>				
Current:				
General government	46,351	773,695	3,869	823,915
Public safety	202,634			202,634
Public works	2,286,275	71,479		2,357,754
Culture and recreation	28,974		287,160	316,134
Community development	427,459	26,562		454,021
Debt service:				
Principal retirement		478,281		478,281
Interest and other charges		995,152		995,152
Capital outlay	1,122,464	1,017,874	902,268	3,042,606
<b>TOTAL EXPENDITURES</b>	<b>4,114,157</b>	<b>3,363,043</b>	<b>1,193,297</b>	<b>8,670,497</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,045,720</b>	<b>(949,500)</b>	<b>(366,638)</b>	<b>1,729,582</b>
<b>OTHER FINANCING SOURCE (USES)</b>				
Refunding bonds issued		1,650,000	5,000,000	6,650,000
Payment on refunding bonds		(1,724,567)		(1,724,567)
Discount on refunding bonds		(41,531)		(41,531)
Transfers in		338,076		338,076
Transfers out	(1,632,573)	(39,177)	(1,990,447)	(3,662,197)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,632,573)</b>	<b>182,801</b>	<b>3,009,553</b>	<b>1,559,781</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,413,147</b>	<b>(766,699)</b>	<b>2,642,915</b>	<b>3,289,363</b>
Fund balances, beginning of year	9,366,389	3,793,684	6,596,879	19,756,952
Prior period adjustment	285,000			285,000
Fund balances, beginning of year - as restated	9,651,389	3,793,684	6,596,879	20,041,952
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 11,064,536</b>	<b>\$ 3,026,985</b>	<b>\$ 9,239,794</b>	<b>\$ 23,331,315</b>

CITY OF ROCKLIN, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS

As of June 30, 2004

	Gas Tax Fund	SB 325 Sales Tax Fund	Bicycle and Pedestrian Facilities Fund	AB2928 Traffic Congestion Fund
ASSETS				
Cash and investments	\$ 705,428	\$ 2,620,068	\$ 27,469	\$ 4,018
Receivables:				
Accounts receivable				
Taxes receivable	90,237	161,464		
Grants receivable				
Notes receivable				
TOTAL ASSETS	<u>\$ 795,665</u>	<u>\$ 2,781,532</u>	<u>\$ 27,469</u>	<u>\$ 4,018</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable		\$ 154,612		\$ 1,898
Accrued liabilities	\$ 21,741			705
Due to other funds				
Compensated absences	5,648			1,415
TOTAL LIABILITIES	<u>27,389</u>	<u>154,612</u>		<u>4,018</u>
FUND BALANCES (DEFICIENCIES)				
Reserved for:				
Encumbrances	355	752,509		
Low and moderate income housing				
Notes receivable				
Unreserved:				
Undesignated	767,921	1,874,411	\$ 27,469	
TOTAL FUND BALANCES	<u>768,276</u>	<u>2,626,920</u>	<u>27,469</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 795,665</u>	<u>\$ 2,781,532</u>	<u>\$ 27,469</u>	<u>\$ 4,018</u>

Redevelopment Agency Low/Moderate Income Housing Fund	Affordable Housing Fund	Lighting District #1 Fund	Lighting District #2 Fund	Park Development and Maintenance District Fund	Community Facilities District #1 Fund
\$ 990,041	\$ 311,181	\$ (262,741)	\$ 1,325,160	\$ (22,635)	\$ (12,849)
		11,926	58,630	22,635	12,781
1,113,397					
<u>\$ 2,103,438</u>	<u>\$ 311,181</u>	<u>\$ (250,815)</u>	<u>\$ 1,383,790</u>		<u>\$ (68)</u>
\$ 2,982		\$ 7,611	\$ 39,721		
		2,728	21,921		
3,938		1,477	18,787		
6,920		11,816	80,429		
		879	23,568		
983,121					
1,113,397					
	311,181	(263,510)	1,279,793		\$ (68)
2,096,518	311,181	(262,631)	1,303,361	-	(68)
<u>\$ 2,103,438</u>	<u>\$ 311,181</u>	<u>\$ (250,815)</u>	<u>\$ 1,383,790</u>		<u>\$ (68)</u>

CITY OF ROCKLIN, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)

As of June 30, 2004

	Community Facilities District #6 Fund	Housing Rehabilitation Program 1 Fund	Housing Rehabilitation Program 2 Fund	2000 Housing Rehabilitation Fund
<b>ASSETS</b>				
Cash and investments	\$ 162,507	\$ 178,321	\$ 84,740	
Receivables:				
Accounts receivable				
Taxes receivable	2,276			
Grants receivable				
Notes receivable		369,278	152,210	\$ 285,000
<b>TOTAL ASSETS</b>	<u>\$ 164,783</u>	<u>\$ 547,599</u>	<u>\$ 236,950</u>	<u>\$ 285,000</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 61			
Accrued liabilities	4,028	\$ 606		
Due to other funds	15,000			
Compensated absences	820	358		
<b>TOTAL LIABILITIES</b>	<u>19,909</u>	<u>964</u>		
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	13			
Low and moderate income housing				
Notes receivable		369,278	\$ 152,210	\$ 285,000
Unreserved:				
Undesignated	144,861	177,357	84,740	
<b>TOTAL FUND BALANCES</b>	<u>144,874</u>	<u>546,635</u>	<u>236,950</u>	<u>285,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 164,783</u>	<u>\$ 547,599</u>	<u>\$ 236,950</u>	<u>\$ 285,000</u>



First Time Home Byer Grant Fund	FEMA Flood Fund	Federal Asset Forfeiture Fund	Supplemental Law Enforcement Grant Fund	Whitney Oaks Park Improvement Fund	Traffic Safety Trust Fund
\$ 885,182		\$ 111,088	\$ 33,848	\$ 626,870	\$ 19,426
			50,000		
682,313					3,775
<u>\$ 1,567,495</u>		<u>\$ 111,088</u>	<u>\$ 83,848</u>	<u>\$ 626,870</u>	<u>\$ 23,201</u>
			\$ 8,932		\$ 13,124
			14,429		
			23,361		13,124
		\$ 17,074			
\$ 682,313					
885,182		94,014	60,487	\$ 626,870	10,077
1,567,495	-	111,088	60,487	626,870	10,077
<u>\$ 1,567,495</u>		<u>\$ 111,088</u>	<u>\$ 83,848</u>	<u>\$ 626,870</u>	<u>\$ 23,201</u>

CITY OF ROCKLIN, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)

As of June 30, 2004

	ADA Superfund Fund	Park Repair Development Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 411,242	\$ 192,902	\$ 8,391,266
Receivables:			
Accounts receivable			50,000
Taxes receivable			359,949
Grants receivable			3,775
Notes receivable			2,602,198
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 411,242</u>	<u>\$ 192,902</u>	<u>\$ 11,407,188</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 110		\$ 220,119
Accrued liabilities			60,661
Due to other funds			15,000
Compensated absences			46,872
	<u>110</u>	<u>          </u>	<u>342,652</u>
TOTAL LIABILITIES			
 <b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	111		794,509
Low and moderate income housing			983,121
Notes receivable			2,602,198
Unreserved:			
Undesignated	411,021	\$ 192,902	6,684,708
	<u>411,132</u>	<u>192,902</u>	<u>11,064,536</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 411,242</u>	<u>\$ 192,902</u>	<u>\$ 11,407,188</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2004

	Gas Tax Fund	SB 325 Sales Tax Fund	Bicycle and Pedestrian Facilities Fund	AB2928 Traffic Congestion Fund
<b>REVENUES</b>				
Taxes and assessments				
Licenses and permits				
Use of money and property	\$ 6,895	\$ 13,140	\$ 97	\$ (404)
Intergovernmental	861,819	2,176,606		
Charges for services				
Other revenues				
<b>TOTAL REVENUES</b>	<u>868,714</u>	<u>2,189,746</u>	<u>97</u>	<u>(404)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety				
Public works	622,872	144,727		52,542
Culture and recreation		357,760		
Community development		964,213		
Capital outlay				
<b>TOTAL EXPENDITURES</b>	<u>622,872</u>	<u>1,466,700</u>	<u></u>	<u>52,542</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>245,842</b>	<b>723,046</b>	<b>97</b>	<b>(52,946)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(136,584)	(236,357)		(808)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(136,584)</u>	<u>(236,357)</u>	<u></u>	<u>(808)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>109,258</b>	<b>486,689</b>	<b>97</b>	<b>(53,754)</b>
Fund balances (deficiency), beginning of year	659,018	2,140,231	27,372	53,754
Prior period adjustments				
Fund balances (deficiency), beginning of year - as restated	<u>659,018</u>	<u>2,140,231</u>	<u>27,372</u>	<u>53,754</u>
<b>FUND BALANCES (DEFICIENCY), END OF YEAR</b>	<u><u>\$ 768,276</u></u>	<u><u>\$ 2,626,920</u></u>	<u><u>\$ 27,469</u></u>	<u><u></u></u>

Redevelopment Agency Low/Moderate Income Housing Fund	Affordable Housing Fund	Lighting District #1 Fund	Lighting District #2 Fund	Park Development and Maintenance District Fund	Community Facilities District #1 Fund
\$ 546,641					
2,718	\$ 11,181	\$ (1,707)	\$ (104)	\$ (19)	\$ 8,103
6,925	300,000				
		237,671	1,167,565	447,883	704,158
24,038					
<u>580,322</u>	<u>311,181</u>	<u>235,964</u>	<u>1,167,461</u>	<u>447,864</u>	<u>712,261</u>
28,792					12
					7,028
		228,359	1,135,303		
				5,417	
28,682		2,370	11,572		
<u>57,474</u>	<u></u>	<u>230,729</u>	<u>1,146,875</u>	<u>5,417</u>	<u>7,040</u>
522,848	311,181	5,235	20,586	442,447	705,221
		(22,500)	(25,000)	(442,447)	(705,289)
		(22,500)	(25,000)	(442,447)	(705,289)
522,848	311,181	(17,265)	(4,414)		(68)
1,573,670		(245,366)	1,307,775		
<u>1,573,670</u>	<u></u>	<u>(245,366)</u>	<u>1,307,775</u>	<u></u>	<u></u>
<u>\$ 2,096,518</u>	<u>\$ 311,181</u>	<u>\$ (262,631)</u>	<u>\$ 1,303,361</u>	<u></u>	<u>\$ (68)</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)

For the Year Ended June 30, 2004

	Community Facilities District #6 Fund	Housing Rehabilitation Program 1 Fund	Housing Rehabilitation Program 2 Fund	2000 Housing Rehabilitation Fund
REVENUES				
Taxes and assessments				
Licenses and permits				
Use of money and property	\$ 564	\$ 13,789	\$ 1,142	
Intergovernmental				\$ 4,420
Charges for services	161,987			
Other revenues		640		
TOTAL REVENUES	<u>162,551</u>	<u>14,429</u>	<u>1,142</u>	<u>4,420</u>
EXPENDITURES				
Current:				
General government	3,317		3,880	4,420
Public safety				
Public works	102,472			
Culture and recreation				
Community development		15,229	74	
Capital outlay				
TOTAL EXPENDITURES	<u>105,789</u>	<u>15,229</u>	<u>3,954</u>	<u>4,420</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,762	(800)	(2,812)	
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(15,000)</u>	<u>(2,098)</u>	<u>(10)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,000)</u>	<u>(2,098)</u>	<u>(10)</u>	
NET CHANGE IN FUND BALANCES	41,762	(2,898)	(2,822)	
Fund balances, beginning of year	103,112	549,533	239,772	
Prior period adjustments				285,000
Fund balance, beginning of year - as restated	<u>103,112</u>	<u>549,533</u>	<u>239,772</u>	<u>285,000</u>
FUND BALANCES, END OF YEAR	<u>\$ 144,874</u>	<u>\$ 546,635</u>	<u>\$ 236,950</u>	<u>\$ 285,000</u>

First Time Home Byer Grant Fund	FEMA Flood Fund	Federal Asset Forfeiture Fund	Supplemental Law Enforcement Grant Fund	Whitney Oaks Park Improvement Fund	Traffic Safety Trust Fund
\$ 41,111	\$ (922)	\$ 377	\$ 2,865 100,000	\$ 98,500 4,534	\$ 241 9,450
<u>41,111</u>	<u>(922)</u>	<u>377</u>	<u>50,000</u> <u>152,865</u>	<u>103,034</u>	<u>500</u> <u>10,191</u>
11,772			165,285		5,819 30,321
<u>11,772</u>			<u>165,285</u>		<u>36,140</u>
29,339	(922)	377	(12,420)	103,034	(25,949)
	<u>(21,576)</u>				
	<u>(21,576)</u>				
29,339	(22,498)	377	(12,420)	103,034	(25,949)
1,538,156	22,498	110,711	72,907	523,836	36,026
<u>1,538,156</u>	<u>22,498</u>	<u>110,711</u>	<u>72,907</u>	<u>523,836</u>	<u>36,026</u>
<u>\$ 1,567,495</u>		<u>\$ 111,088</u>	<u>\$ 60,487</u>	<u>\$ 626,870</u>	<u>\$ 10,077</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)

For the Year Ended June 30, 2004

	ADA Superfund Fund	Park Repair Development Fund	Totals
REVENUES			
Taxes and assessments			\$ 546,641
Licenses and permits			98,500
Use of money and property	\$ 1,258	\$ 3,640	108,499
Intergovernmental			3,459,220
Charges for services	64,694	72,281	2,856,239
Other revenues		15,600	90,778
TOTAL REVENUES	<u>65,952</u>	<u>91,521</u>	<u>7,159,877</u>
EXPENDITURES			
Current:			
General government	111		46,351
Public safety			202,634
Public works			2,286,275
Culture and recreation	275	23,282	28,974
Community development			427,459
Capital outlay	7,394	150,857	1,122,464
TOTAL EXPENDITURES	<u>7,780</u>	<u>174,139</u>	<u>4,114,157</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	58,172	(82,618)	3,045,720
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,051)</u>	<u>(23,853)</u>	<u>(1,632,573)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,051)</u>	<u>(23,853)</u>	<u>(1,632,573)</u>
NET CHANGE IN FUND BALANCES	57,121	(106,471)	1,413,147
Fund balances, beginning of year	354,011	299,373	9,366,389
Prior period adjustments			285,000
Fund balance, beginning of year - as restated	<u>354,011</u>	<u>299,373</u>	<u>9,651,389</u>
FUND BALANCES, END OF YEAR	<u>\$ 411,132</u>	<u>\$ 192,902</u>	<u>\$ 11,064,536</u>

CITY OF ROCKLIN, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS

As of June 30, 2004

	Redevelopment Agency Debt Service Fund	Capital Construction Debt Service Fund	Totals
ASSETS			
Cash and investments	\$ 1,216,333	\$ (12)	\$ 1,216,321
Receivables:			
Taxes receivable	148,385		148,385
Due from other government agencies	207,056		207,056
Restricted cash and investments	<u>1,674,386</u>	<u>4,326</u>	<u>1,678,712</u>
TOTAL ASSETS	<u>\$ 3,246,160</u>	<u>\$ 4,314</u>	<u>\$ 3,250,474</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 4,777		\$ 4,777
Accrued liabilities	7,191		7,191
Compensated absences	9,395		9,395
Advances from other funds	<u>202,126</u>		<u>202,126</u>
TOTAL LIABILITIES	<u>223,489</u>		<u>223,489</u>
FUND BALANCES			
Reserved for encumbrances	212		212
Reserved for debt service	<u>3,022,459</u>	<u>\$ 4,314</u>	<u>3,026,773</u>
TOTAL FUND BALANCES	<u>3,022,671</u>	<u>4,314</u>	<u>3,026,985</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,246,160</u>	<u>\$ 4,314</u>	<u>\$ 3,250,474</u>



## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS

For the Year Ended June 30, 2004

	Redevelopment Agency Debt Service Fund	Capital Construction Debt Service Fund	Totals
REVENUES			
Taxes and assessments	\$ 2,136,164		\$ 2,136,164
Use of money and property	43,671	\$ 2,191	45,862
Intergovernmental	231,517		231,517
TOTAL REVENUES	2,411,352	2,191	2,413,543
EXPENDITURES			
Current:			
General government	556,815	216,880	773,695
Public works	71,479		71,479
Community development	26,562		26,562
Debt service:			
Principal retirement	238,281	240,000	478,281
Interest and other charges	894,066	101,086	995,152
Capital outlay	1,017,874		1,017,874
TOTAL EXPENDITURES	2,805,077	557,966	3,363,043
DEFICIENCY OF REVENUES OVER EXPENDITURES	(393,725)	(555,775)	(949,500)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued		1,650,000	1,650,000
Payment to refunded bond escrow agent		(1,724,567)	(1,724,567)
Discount on refunding bonds		(41,531)	(41,531)
Transfers in		338,076	338,076
Transfers out	(39,177)		(39,177)
TOTAL OTHER FINANCING SOURCES (USES)	(39,177)	221,978	182,801
NET CHANGE IN FUND BALANCES	(432,902)	(333,797)	(766,699)
Fund balances, beginning of year	3,455,573	338,111	3,793,684
FUND BALANCES, END OF YEAR	\$ 3,022,671	\$ 4,314	\$ 3,026,985

## CITY OF ROCKLIN, CALIFORNIA

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS

As of June 30, 2004

	Park Development Fund	Community Park Fees Fund	Oak Tree Mitigation Fund	2003 Certificates of Participation Fund
ASSETS				
Cash and investments	\$ 2,061,708	\$ 2,635,516	\$ 897,681	\$ 233,888
Restricted cash and investments				2,895,175
TOTAL ASSETS	<u>\$ 2,061,708</u>	<u>\$ 2,635,516</u>	<u>\$ 897,681</u>	<u>\$ 3,129,063</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 974	\$ 31,096		
Accrued liabilities	3,810	2,437		
Compensated absences	3,151	1,838		
TOTAL LIABILITIES	<u>7,935</u>	<u>35,371</u>		
FUND BALANCES				
Reserved for:				
Encumbrances	2,147	22,843		
Unreserved:				
Undesignated	2,051,626	2,577,302	\$ 897,681	\$ 3,129,063
TOTAL FUND BALANCES	<u>2,053,773</u>	<u>2,600,145</u>	<u>897,681</u>	<u>3,129,063</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,061,708</u>	<u>\$ 2,635,516</u>	<u>\$ 897,681</u>	<u>\$ 3,129,063</u>

Granite Drive Assessment District Fund	Monte Verde Assessment District Fund	Community Facilities District # 6 Fund	Community Facilities District # 7 Fund	Community Facilities District # 8 Fund	Community Facilities District # 9 Fund	Totals
						\$ 5,828,793
\$ 547,513		\$ 10,507	\$ 1	\$ 35	\$ 1,076	3,454,307
\$ 547,513		\$ 10,507	\$ 1	\$ 35	\$ 1,076	\$ 9,283,100
						\$ 32,070
						6,247
						4,989
						43,306
						24,990
\$ 547,513		\$ 10,507	\$ 1	\$ 35	\$ 1,076	9,214,804
547,513		10,507	1	35	1,076	9,239,794
\$ 547,513		\$ 10,507	\$ 1	\$ 35	\$ 1,076	\$ 9,283,100

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2004

	Park Development Fund	Community Parks Fees Fund	Oak Tree Mitigation Fund	2003 Certificates of Participation Fund
REVENUES				
Taxes and assessments	\$ 309,943	\$ 415,243	\$ 155,739	
Licence and permits				
Use of money and property	(84,161)	(3,596)	8,827	\$ 18,887
Intergovernmental				
Charges for services				
Other revenues				
TOTAL REVENUES	225,782	411,647	164,566	18,887
EXPENDITURES				
Current:				
General government				
Public safety				
Public works				
Culture and recreation	84,559	180,996	21,605	
Community development				
Debt Service:				
Prinical				
Interest				
Capital outlay	82,005	686,294	10,474	
TOTAL EXPENDITURES	166,564	867,290	32,079	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	59,218	(455,643)	132,487	18,887
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued				5,000,000
Transfers out	(32,421)	(63,808)	(4,394)	(1,889,824)
TOTAL OTHER FINANCING SOURCES (USES)	(32,421)	(63,808)	(4,394)	3,110,176
NET CHANGE IN FUND BALANCES	26,797	(519,451)	128,093	3,129,063
Fund balances, beginning of year	2,026,976	3,119,596	769,588	
FUND BALANCES, END OF YEAR	\$ 2,053,773	\$ 2,600,145	\$ 897,681	\$ 3,129,063

<u>Granite Drive Assessment District Fund</u>	<u>Monte Verde Assessment District Fund</u>	<u>Community Facilities District #6 Fund</u>	<u>Community Facilities District # 7 Fund</u>	<u>Community Facilities District # 8 Fund</u>	<u>Community Facilities District # 9 Fund</u>	<u>Totals</u>
						\$ 880,925
\$ 5,422				\$ 350	\$ 5	(54,266)
<u>5,422</u>				<u>350</u>	<u>5</u>	<u>826,659</u>
	\$ 3,869					3,869
						287,160
				\$ 123,495		902,268
	<u>3,869</u>			<u>123,495</u>		<u>1,193,297</u>
5,422	(3,869)			(123,145)	5	(366,638)
						5,000,000
						<u>(1,990,447)</u>
						<u>3,009,553</u>
5,422	(3,869)			(123,145)	5	2,642,915
<u>542,091</u>	<u>3,869</u>	<u>10,507</u>	<u>1</u>	<u>123,180</u>	<u>1,071</u>	<u>6,596,879</u>
<u>\$ 547,513</u>		<u>\$ 10,507</u>	<u>\$ 1</u>	<u>\$ 35</u>	<u>\$ 1,076</u>	<u>\$ 9,239,794</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS

As of June 30, 2004

	Community Facilities District #2 Fund	Community Facilities District #3 Fund	Community Facilities District #4 Fund	Community Facilities District #5 Fund
<b>ASSETS</b>				
Cash and investments				\$ 717,044
Receivables:				
Accounts receivable				
Taxes receivable	\$ 11,173	\$ 27,147	\$ 49,902	13,264
Restricted cash and investments	<u>1,503,534</u>	<u>5,351,943</u>	<u>568,672</u>	
<b>TOTAL ASSETS</b>	<u><u>\$ 1,514,707</u></u>	<u><u>\$ 5,379,090</u></u>	<u><u>\$ 618,574</u></u>	<u><u>\$ 730,308</u></u>
<b>LIABILITIES</b>				
Accounts payable				\$ 16,693
Accrued liabilities				26,941
Compensated absences				13,475
Due to others				5,000
Agency obligations	<u>\$ 1,514,707</u>	<u>\$ 5,379,090</u>	<u>\$ 618,574</u>	<u>668,199</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,514,707</u></u>	<u><u>\$ 5,379,090</u></u>	<u><u>\$ 618,574</u></u>	<u><u>\$ 730,308</u></u>

Community Facilities District #6 Fund	Community Facilities District #7 Fund	Community Facilities District #8 Fund	Community Facilities District #9 Fund	Monte Verde Assessment District Fund	Granite Drive Assessment District Fund
\$ 2,823	\$ 2,790	\$ 7,302	\$ 6,099	\$ 6,904	
91,796	677,102	164,237	259,427	317,399	\$ 867,983
<u>\$ 94,619</u>	<u>\$ 679,892</u>	<u>\$ 171,539</u>	<u>\$ 265,526</u>	<u>\$ 324,303</u>	<u>\$ 867,983</u>
\$ 94,619	\$ 679,892	\$ 171,539	\$ 265,526	\$ 324,303	\$ 867,983
<u>\$ 94,619</u>	<u>\$ 679,892</u>	<u>\$ 171,539</u>	<u>\$ 265,526</u>	<u>\$ 324,303</u>	<u>\$ 867,983</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS (Continued)

As of June 30, 2004

	Health and Safety Fund	Preschool Mother's Trust Fund	Kid's Junction Trust Fund	Creative Performing Arts Trust Fund
<b>ASSETS</b>				
Cash and investments	\$ 47,715	\$ 37,919	\$ 3,179	\$ 5,760
Receivables:				
Accounts receivable				
Taxes receivable				
Restricted cash and investments				
<b>TOTAL ASSETS</b>	<u>\$ 47,715</u>	<u>\$ 37,919</u>	<u>\$ 3,179</u>	<u>\$ 5,760</u>
<b>LIABILITIES:</b>				
Accounts payable		\$ 500		
Accrued liabilities	\$ 512			
Compensated absences				
Due to others				
Agency obligations	<u>47,203</u>	<u>37,419</u>	<u>\$ 3,179</u>	<u>\$ 5,760</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 47,715</u>	<u>\$ 37,919</u>	<u>\$ 3,179</u>	<u>\$ 5,760</u>



Teen Recreation Trust Fund	Youth Sports Trust Fund	EIR Consultant's Trust Fund	Senior Programs Trust Fund	Boroski Landfill Monitoring Trust Fund	Wetlands Maintenance Trust Fund	Conservation Easement Endowment Fund
\$ 54,637	\$ 2,421	\$ 193,394	\$ 28,247	\$ 16,688	\$ 49,104	\$ 453,455
208						
<u>\$ 54,845</u>	<u>\$ 2,421</u>	<u>\$ 193,394</u>	<u>\$ 28,247</u>	<u>\$ 16,688</u>	<u>\$ 49,104</u>	<u>\$ 453,455</u>
\$ 5,644				\$ 2,944		
<u>49,201</u>	<u>\$ 2,421</u>	<u>\$ 193,394</u>	<u>\$ 28,247</u>	<u>13,744</u>	<u>\$ 49,104</u>	<u>\$ 453,455</u>
<u>\$ 54,845</u>	<u>\$ 2,421</u>	<u>\$ 193,394</u>	<u>\$ 28,247</u>	<u>\$ 16,688</u>	<u>\$ 49,104</u>	<u>\$ 453,455</u>

## CITY OF ROCKLIN, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS (Continued)

As of June 30, 2004

	Rocklin Jubilee Fund	Park Improvement Trust Fund	D.A.R.E. Fund	Explorer Post 150 Trust Fund
ASSETS				
Cash and investments	\$ 29,451	\$ 17,200	\$ 7,500	\$ 3,032
Receivables:				
Accounts receivable	3,000			
Taxes receivable				
Restricted cash and investments				
TOTAL ASSETS	<u>\$ 32,451</u>	<u>\$ 17,200</u>	<u>\$ 7,500</u>	<u>\$ 3,032</u>
LIABILITIES:				
Accounts payable	\$ 28,819			\$ 320
Accrued liabilities	3,632			
Compensated absences				
Due to others				
Agency obligations		\$ 17,200	\$ 7,500	2,712
TOTAL LIABILITIES	<u>\$ 32,451</u>	<u>\$ 17,200</u>	<u>\$ 7,500</u>	<u>\$ 3,032</u>

Fire Prevention Education Fund	Swimming Pool Trust Fund	Totals
\$ 43,754	\$ 82,086	\$ 1,792,586
		3,208
		127,404
		9,802,093
<u>\$ 43,754</u>	<u>\$ 82,086</u>	<u>\$ 11,725,291</u>
	\$ 9,122	\$ 64,042
		31,085
		13,475
		5,000
<u>\$ 43,754</u>	<u>72,964</u>	<u>11,611,689</u>
<u>\$ 43,754</u>	<u>\$ 82,086</u>	<u>\$ 11,725,291</u>